COMPANY UPDATE

2025. 9. 16

Scan to go to
Research Center report database

Industrial Team

Jaeseung Baek
Senior Analyst
jaeseung.baek@samsung.com

Poongsan (103140)

Hyundai Rotem places 2nd shell order

- Poongsan announced last Friday that it will supply, as part of a new contract, large-caliber shells to Hyundai Rotem.
- The deal, worth KRW829.9b, spans six years: Sep 2025-Sep 2031.
- The profitable Poland-bound shell order prompts us to revise up our earnings estimates and increase our target price by 6.5% to KRW165,000.

WHAT'S THE STORY?

New defense order boosts long-term earnings outlook: On Sep 12, Poongsan announced that it had signed a contract to supply KRW829.9b worth of large-caliber shells to Hyundai Rotem over Sep 2025-Sep 2031. The deal is believed to be tied to Hyundai Rotem's K2 tank export contract with Poland. Since 2022, whenever Hanwha Aerospace or Hyundai Rotem secured arms export contracts with Poland, Poongsan received orders for large-caliber shells a few months later. Poongsan's latest shell order from Hyundai Rotem is likely linked to Rotem's second contract with Poland (which was concluded in June).

Raising target price 6.5%: Given Poongsan's post-2023 earnings trend, we believe its Poland-bound large-caliber shell sales generate relatively large margins. The additional order from Hyundai Rotem reinforces expectations that: 1) Poongsan's defense exports will remain strong over the longer term; and 2) the rise in its defense sales portion will enhance its overall profitability. Accordingly, we lift our 2026 operating profit forecast 13% and hike our target price 6.5% to KRW165,000. The recent stock fall after its 2Q earnings announcement stemmed from the impact of US tariffs on its small-caliber ammunition exports, which shrank its discount to the K-defense sector's average P/E (Bloomberg) to 10%. Yet, we reiterate BUY as the new contract with Hyundai Rotem prompts us to raise our earnings estimates, widening its discount to the K-defense sector average to 37%.

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue (KRWb)	4,554	4,997	5,019	5,131
Operating profit (KRWb)	324	305	363	403
Net profit (adj) (KRWb)	236	192	237	267
EPS (adj) (KRW)	8,019	6,855	8,473	9,536
EPS (adj) growth (% y-y)	41.1	-14.5	23.6	12.5
EBITDA margin (%)	9.1	8.0	9.1	9.6
ROE (%)	10.8	8.5	9.8	9.8
P/E (adj) (x)	5.9	18.5	14.9	13.3
P/B (x)	0.6	1.6	1.5	1.4
EV/EBITDA (x)	4.5	10.1	8.9	8.2
Dividend yield (%)	5.2	1.6	2.0	2.2

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW165,000	(30.4%)
Current price	KRW126.500	
Market cap	KRW3.5t/USD2.7b	
Shares (float)	28,024,278 (59.4%)	
52-week high/low	KRW46,150/KRW165,000	
Avg daily trading value (60-day)	KRW63.7b/ USD46.2m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Poongsan (%)	6.5	105.7	124.3
Vs Kospi (%pts)	0.0	56.0	69.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend	BUY	BUY	
Target price	165,000	155,000	6.5%
2025E EPS	6,855	6,855	0.0%
2026E EPS	8,473	7,383	14.8%

SAMSUNG vs THE STREET

No of estimates	15
Average target price (KRW)	170,800
Average rating	3.7

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

Poongsan: Results and forecasts (parent basis)

(KRWb)	1Q25	2Q25	3Q25E	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**826.4**	**1,014.0**	**920.7**	**1,080.9**	**859.4**	**1,052.6**	**949.1**	**1,113.9**	**3,502.6**	**3,842.0**	**3,975.1**
Copper business	620.5	666.2	642.1	650.5	627.6	654.9	635.6	643.1	2,313.7	2,579.3	2,561.2
Defense business	205.9	347.8	278.6	430.4	231.8	397.7	313.5	470.9	1,188.9	1,262.6	1,413.9
Exports	422.1	570.7	478.2	503.0	459.9	622.3	517.2	554.9	2,026.7	1,974.0	2,154.3
Copper business	336.8	372.0	356.0	358.9	340.5	364.0	352.1	356.0	1,315.7	1,423.6	1,412.6
Defense business	85.3	198.7	122.3	144.1	119.4	258.3	165.1	198.9	711.0	550.4	741.7
Domestic	404.3	443.3	442.4	577.9	399.5	430.3	432.0	559.1	1,475.9	1,868.0	1,820.8
Copper business	283.7	294.2	286.2	291.6	287.1	290.9	283.5	287.1	998.0	1,155.7	1,148.6
Defense business	120.6	149.1	156.3	286.3	112.4	139.4	148.5	272.0	477.9	712.2	672.2
Gross profit	82.8	148.5	105.3	126.9	83.3	154.1	131.7	150.8	501.9	463.5	519.8
Operating profit	**44.7**	**88.0**	**62.8**	**68.6**	**43.9**	**112.9**	**87.7**	**90.3**	**314.1**	**264.2**	**334.8**
Pre-tax profit	50.6	74.9	53.6	60.1	34.8	103.0	78.5	81.8	317.5	239.3	298.1
Net profit	**41.6**	**64.2**	**40.7**	**45.7**	**26.4**	**78.3**	**59.6**	**62.2**	**235.6**	**192.2**	**226.6**
Chg (% y-y)											
Sales	**15.6**	**3.7**	**11.0**	**10.3**	**4.0**	**3.8**	**3.1**	**3.1**	**13.0**	**9.7**	**3.5**
Copper business	15.3	4.6	15.6	11.6	1.1	-1.7	-1.0	-1.1	10.1	11.5	-0.7
Defense business	16.5	2.1	1.6	8.3	12.6	14.3	12.6	9.4	19.0	6.2	12.0
Exports	7.2	-2.7	-1.7	-10.2	9.0	9.1	8.1	10.3	24.8	-2.6	9.1
Copper business	12.8	3.4	11.6	6.0	1.1	-2.1	-1.1	-0.8	16.2	8.2	-0.8
Defense business	-10.4	-12.3	-27.0	-35.0	40.0	30.0	35.0	38.0	44.5	-22.6	34.8
Domestic	25.8	13.3	28.9	37.6	-1.2	-2.9	-2.4	-3.3	-0.0	26.6	-2.5
Copper business	18.3	6.1	20.9	19.4	1.2	-1.1	-0.9	-1.5	3.0	15.8	-0.6
Defense business	48.0	30.8	46.6	62.8	-6.8	-6.5	-5.0	-5.0	-5.7	49.0	-5.6
Gross profit	17.7	-17.0	-5.1	-10.5	0.5	3.8	25.0	18.8	51.7	-7.7	12.1
Operating profit	27.0	-37.6	-11.1	2.0	-1.9	28.3	39.6	31.6	65.0	-15.9	26.7
Pre-tax profit	9.5	-50.1	-15.3	3.7	-31.3	37.5	46.4	36.1	66.0	-24.7	24.6
Net profit	12.6	-42.3	-14.4	14.7	-36.4	22.0	46.4	36.1	50.7	-18.4	17.9
Margins (%)											
Gross profit	10.0	14.6	11.4	11.7	9.7	14.6	13.9	13.5	14.3	12.1	13.1
Operating profit	5.4	8.7	6.8	6.4	5.1	10.7	9.2	8.1	9.0	6.9	8.4
Pre-tax profit	6.1	7.4	5.8	5.6	4.0	9.8	8.3	7.3	9.1	6.2	7.5
Net profit	5.0	6.3	4.4	4.2	3.1	7.4	6.3	5.6	6.7	5.0	5.7

Source: Samsung Securities estimates

Poongsan: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25E	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**1,155.9**	**1,294.0**	**1,192.4**	**1,354.4**	**1,121.5**	**1,317.0**	**1,206.9**	**1,373.6**	**4,554.4**	**4,996.7**	**5,019.0**
Parent	826.4	1,014.0	920.7	1,080.9	859.4	1,052.6	949.1	1,113.9	3,502.6	3,842.0	3,975.1
Subsidiaries	329.5	280.0	271.8	273.5	262.0	264.4	257.8	259.7	1,051.8	1,154.8	1,043.9
Gross profit	130.2	150.3	128.9	158.8	111.3	177.0	159.2	183.7	615.9	568.3	631.2
Parent	82.8	148.5	105.3	126.9	83.3	154.1	131.7	150.8	501.9	463.5	519.8
Subsidiaries	47.4	1.9	23.6	31.9	28.0	22.9	27.5	32.9	114.0	104.8	111.4
Operating profit	**69.7**	**93.6**	**66.6**	**75.2**	**50.4**	**119.7**	**94.7**	**98.5**	**323.8**	**305.1**	**363.3**
Parent	44.7	88.0	62.8	68.6	43.9	112.9	87.7	90.3	314.1	264.2	334.8
Subsidiaries	25.0	5.6	3.8	6.5	6.5	6.9	7.0	8.2	9.7	40.9	28.5
Pre-tax profit	57.8	77.4	55.9	65.0	40.9	110.3	85.7	89.7	318.3	256.1	326.6
Parent	50.6	74.9	53.6	60.1	34.8	103.0	78.5	81.8	317.5	239.3	298.1
Subsidiaries	7.2	2.5	2.3	4.9	6.1	7.2	7.3	7.9	0.8	16.9	28.4
Net profit	**41.6**	**64.2**	**40.5**	**47.1**	**29.6**	**79.9**	**62.2**	**65.0**	**236.0**	**193.4**	**236.8**
Parent	41.6	64.2	40.7	45.7	26.4	78.3	59.6	62.2	235.6	192.2	226.6
Subsidiaries	0.0	0.0	-0.2	1.4	3.2	1.6	2.5	2.9	0.5	1.2	10.2
Net profit attributable to parent company	41.6	64.2	40.5	47.1	29.6	79.9	62.2	65.0	236.0	193.4	236.8
Chg (% y-y)											
Sales	20.0	4.9	5.6	10.3	-3.0	1.8	1.2	1.4	10.4	9.7	0.4
Operating profit	28.5	-42.0	-10.4	121.9	-27.8	27.9	42.1	31.0	41.6	-5.8	19.1
Net profit	12.6	-42.3	-14.9	16.9	-28.7	24.5	53.4	38.1	50.9	-18.1	22.4
Net profit attributable to parent company	12.6	-42.3	-14.9	16.9	-28.7	24.5	53.4	38.1	50.9	-18.1	22.4
Margins (%)											
Gross profit	11.3	11.6	10.8	11.7	9.9	13.4	13.2	13.4	13.5	11.4	12.6
Operating profit	6.0	7.2	5.6	5.5	4.5	9.1	7.8	7.2	7.1	6.1	7.2
Net profit	3.6	5.0	3.4	3.5	2.6	6.1	5.1	4.7	5.2	3.9	4.7

Source: Samsung Securities estimates

Poongsan: SOTP valuation

	(KRWb)
Enterprise value	**4,623.3**
1) Defense business	4,404.7
- 2025E-2026E average net profit	190.6
- Target P/E*	23.1
2) Copper business	218.6
- 2025E-2026E average net profit	24.5
- Target P/E**	8.9
Outstanding shares	28,024,278
Target price (KRW)	**165,000**

Note: *Discount 20% to average of peers given products' characteristics; ** Discount 30% to average of peers considering sales scale
Source: Bloomberg, Samsung Securities estimates

K-defense companies' Poland-related export contracts

Company	Contracting party	Date	Contract value (KRWb)	Contract period	Key products
Hanwha Aerospace	Poland	Aug 2022	3,203.9	Aug 2022~ Sep 2026	K9 SPH (212 units)
Hyundai Rotem	Poland	Aug 2022	4,499.2	Aug 2022~ Dec 2027	K2 MBT (180 units)
Poongsan	Hyundai Rotem	Dec 2022	293.4	Oct 2022 - Dec 2027	120mm shells
Poongsan	Hanwha Aerospace	Jan 2023	164.7	Jan 2023 - Apr 2025	155mm shells
Hanwha Aerospace	Poland	Dec 2023	3,447.5	Dec 2023 - Nov2031	K9 SPH (152 units)
Poongsan	Hanwha Aerospace	Feb 2025	358.5	Feb 2025 - Jul 2029	155mm shells
Hyundai Rotem *	Poland	Jun 2025	9,000.0		K2 MBT (180 units)
Poongsan	Hyundai Rotem	Sep 2025	829.9	Sep 2025 - Sep 2031	120mm shells

Note: *Recent News Summary; Hanwha Aerospace (672 K9 SPHs), Hyundai Rotem (1,000 K2 MBTs) under 2022 framework agreement with Poland
Source: Samsung Securities estimates

2025 Global peer average valuation

2025E valuation (x)	P/E	P/B	ROE (%)	EV/EBITDA	EPS CAGR (2024-2026, %)
Poongsan	**18.5**	**1.6**	**8.5**	**10.1**	**2.8**
LIG Nex1	36.6	7.6	22.7	23.6	34.6
Hanwha Aerospace	32.7	5.9	22.5	15.5	0.1
Korea Aero	37.4	5.1	14.3	22.5	51.7
Hyundai Rotem	29.3	8.2	32.8	19.9	62.8
K- defense average	**34.0**	**6.7**	**23.1**	**20.4**	**37.3**
Vale	5.9	1.1	19.1	4.3	n/a
Rio Tinto	10.4	1.7	16.3	5.6	-8.7
BHP Group	13.3	2.9	22.9	5.9	4.8
Glencore	27.9	1.3	3.6	6.3	n/a
Boliden	15.1	1.3	9.0	6.4	-10.3
Major mines average	**14.5**	**1.6**	**14.2**	**5.7**	**-4.7**

Source: Bloomberg

2026 Global peer average valuation

2026E valuation (x)	P/E	P/B	ROE (%)	EV/EBITDA	EPS CAGR (2025-2027, %)
Poongsan	**14.9**	**1.5**	**9.8**	**8.9**	**17.9**
LIG Nex1	27.3	6.2	25.4	17.6	32.3
Hanwha Aerospace	21.7	4.7	25.4	12.7	34.5
Korea Aero	24.4	4.3	19.1	16.3	41.0
Hyundai Rotem	21.7	6.0	30.9	15.2	29.7
K- defense average	**23.8**	**5.3**	**25.2**	**15.4**	**34.4**
Vale	6.0	1.0	17.3	4.1	1.5
Rio Tinto	10.5	1.6	15.5	5.5	2.7
BHP Group	13.9	2.7	21.7	6.1	-4.2
Glencore	13.4	1.3	8.8	4.8	65.0
Boliden	11.2	1.2	10.8	5.2	27.6
Major mines average	**11.0**	**1.5**	**14.8**	**5.1**	**18.5**

Source: Bloomberg

Income statement **Balance sheet**

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Sales	**4,125**	**4,554**	**4,997**	**5,019**	**5,131**
Cost of goods sold	3,684	3,938	4,428	4,388	4,455
Gross profit	**441**	**616**	**568**	**631**	**676**
Gross margin (%)	10.7	13.5	11.4	12.6	13.2
SG&A expenses	212	292	263	268	273
Operating profit	**229**	**324**	**305**	**363**	**403**
Operating margin (%)	5.5	7.1	6.1	7.2	7.9
Non-operating gains (losses)	**-28**	**-5**	**-49**	**-37**	**-36**
Financial profit	15	19	13	9	9
Financial costs	50	47	41	37	36
Equity-method gains (losses)	0	0	0	0	0
Other	8	23	-21	-9	-9
Pre-tax profit	**201**	**318**	**256**	**327**	**368**
Taxes	45	82	63	90	101
Effective tax rate (%)	22.2	25.8	24.5	27.5	27.5
Profit from continuing operations	156	236	193	237	267
Profit from discontinued operations	0	0	0	0	0
Net profit	**156**	**236**	**193**	**237**	**267**
Net margin (%)	3.8	5.2	3.9	4.7	5.2
Net profit (controlling interests)	156	236	193	237	267
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	319	413	398	455	493
EBITDA margin (%)	7.7	9.1	8.0	9.1	9.6
EPS (parent-based) (KRW)	5,682	8,423	6,855	8,473	9,536
EPS (consolidated) (KRW)	5,582	8,423	6,901	8,448	9,511
Adjusted EPS (KRW)*	5,682	8,019	6,855	8,473	9,536

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Current assets	**2,239**	**2,562**	**2,688**	**2,914**	**3,173**
Cash & equivalents	408	345	358	334	343
Accounts receivable	517	602	656	748	861
Inventories	1,227	1,459	1,517	1,665	1,798
Other current assets	87	155	157	167	171
Fixed assets	**1,421**	**1,535**	**1,595**	**1,647**	**1,701**
Investment assets	36	48	184	169	156
Tangible assets	1,183	1,309	1,382	1,446	1,510
Intangible assets	12	13	13	13	13
Other long-term assets	189	165	15	19	22
Total assets	**3,661**	**4,097**	**4,283**	**4,561**	**4,874**
Current liabilities	**1,352**	**1,359**	**1,406**	**1,466**	**1,548**
Accounts payable	183	185	205	234	273
Short-term debt	328	393	393	393	393
Other current liabilities	842	780	808	839	881
Long-term liabilities	**342**	**539**	**555**	**593**	**627**
Bonds & long-term debt	227	240	240	240	240
Other long-term liabilities	115	299	315	353	387
Total liabilities	**1,695**	**1,897**	**1,961**	**2,058**	**2,175**
Owners of parent equity	**1,966**	**2,199**	**2,322**	**2,502**	**2,699**
Capital stock	140	140	140	140	140
Capital surplus	495	495	495	495	495
Retained earnings	1,315	1,491	1,613	1,794	1,990
Other	16	74	74	74	74
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**1,966**	**2,199**	**2,322**	**2,502**	**2,699**
Net debt	288	480	459	484	475

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Cash flow from operations	**696**	**40**	**242**	**160**	**208**
Net profit	156	236	193	237	267
Non-cash profit and expenses	205	252	251	255	253
Depreciation	90	89	93	92	89
Amortization	1	1	0	0	0
Other	115	162	157	163	163
Changes in A/L from operating activities	454	-343	-202	-332	-312
Cash flow from investments	**-137**	**-217**	**-186**	**-163**	**-161**
Change in tangible assets	-136	-195	-171	-147	-145
Change in financial assets	8	-17	-15	-15	-15
Other	-9	-5	-0	-1	-0
Cash flow from financing	**-306**	**90**	**-67**	**-46**	**-62**
Change in debt	-302	136	-2	0	0
Change in equity	0	0	0	0	0
Dividends	-27	-33	-71	-56	-70
Other	23	-13	6	10	8
Change in cash	253	-63	13	-25	9
Cash at beginning of year	155	408	345	358	334
Cash at end of year	408	345	358	334	343
Gross cash flow	**362**	**488**	**444**	**492**	**519**
Free cash flow	**560**	**-156**	**71**	**12**	**62**

Financial ratios

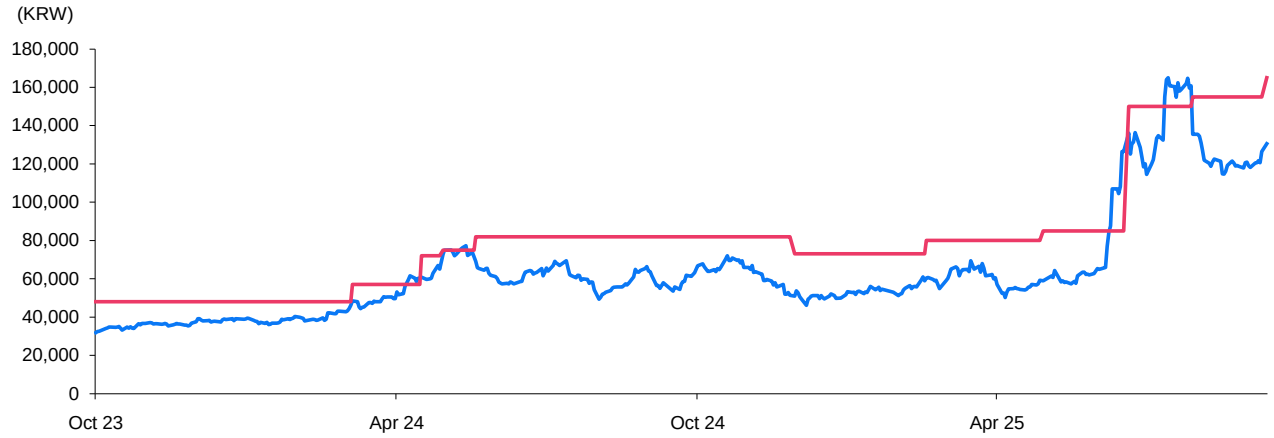
Year-end Dec 31	2023	2024	2025	2026E	2027E
Growth (%)					
Sales	-5.7	10.4	9.7	0.4	2.2
Operating profit	-1.3	41.6	-5.8	19.1	11.0
Net profit	-10.7	50.9	-18.1	22.4	12.6
Adjusted EPS**	-13.6	41.1	-14.5	23.6	12.5
Per-share data (KRW)					
EPS (parent-based)	5,682	8,423	6,855	8,473	9,536
EPS (consolidated)	5,582	8,423	6,901	8,448	9,511
Adjusted EPS**	5,682	8,019	6,855	8,473	9,536
BVPS	67,945	74,315	80,662	86,069	92,799
DPS (common)	1,200	2,600	2,000	2,500	2,800
Valuations (x)					
P/E***	6.9	5.9	18.5	14.9	13.3
P/B***	0.6	0.6	1.6	1.5	1.4
EV/EBITDA	4.3	4.5	10.1	8.9	8.2
Ratios (%)					
ROE	8.4	10.8	8.5	9.8	9.8
ROA	4.4	6.1	4.6	5.4	5.7
ROIC	7.4	9.7	9.0	10.8	11.4
Payout ratio	21.0	30.1	29.0	29.6	29.4
Dividend yield (common)	3.1	5.2	1.6	2.0	2.2
Net debt to equity	14.7	21.8	19.8	19.3	17.6
Interest coverage (x)	5.8	8.6	8.1	9.9	11.2

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Compliance notice

- As of 9/15 2025, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 9/15 2025, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/7/28	9/26	2024/3/8	4/19	5/2	5/22	12/2	2025/2/20	5/2	6/23	8/1	9/15
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	52000	48000	57000	72000	75000	82000	73000	80000	85000	150000	155000	165000
Gap* (average)	-31.46	-21.76	-9.81	-13.81	-1.18	-25.26	-27.48	-25.43	-13.70	-5.09	-21.59	
(max or min)**	-27.88	-3.96	8.07	-7.08	3.07	-12.07	-16.44	-13.25	48.82	10.00	-12.58	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.06.30

BUY (81.8%)·HOLD (18.2%)·SELL (0%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high-net-worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Copyright © 2010 Samsung Securities Co., Ltd. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of Samsung Securities America Inc

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao
Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA