# COMPANY UPDATE

2025. 9. 16

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# Foosung (093370)

## To turn to profit in 2025; valuation revisited

- Foosung is the only lithium salt producer in Korea and should log outstanding 2025 results on rising demand for refrigerants (its main business).
- With the expansion of its semiconductor specialty gas business, the firm should report its first annual consolidated operating profit in two years in 2025.
- Considering the value of its stake in subsidiary Hantech, Foosung's share price looks undemanding.

### WHAT'S THE STORY?

**Korea's only lithium salt producer:** Foosung is the sole Korean manufacturer of lithium salt ($LiPF_6$), an essential material for rechargeable battery electrolytes. Its main businesses include: 1) refrigerants for use in home appliances and industrial settings (these two refrigerant businesses represent around 40% of its parent-based sales); and 2) specialty gases for semiconductor etching and deposition (35-39%). It owns a 69.4% stake in Hantech (Kosdaq listed) and a 2.6% stake in Korea Refractories (Kospi listed). Its major shareholder (CEO Kim Yong-min), along with related parties together hold a 46% stake in Foosung.

**Refrigerant unit doing well amid favorable business environment:** HFC-based refrigerant feedstock prices have been on the rise since China introduced a quota system for the materials last year—prices should remain elevated through at least 2H25. Furthermore, the growing awareness of anthropogenic global warming should drive up demand for refrigerants and boost the unit's operating results.

*(Continued on the next page)*

### ▶ AT A GLANCE

**Not Rated**

| | |
|---|---|
| Target price | n/a |
| Current price | KRW6,730 |
| Market Cap | KRW721.83b/USD519.68m |
| Shares (float) | 107,255,330 (54.0%) |
| 52-week high/low | KRW6,790/KRW3,830 |
| Avg daily trading value (60-day) | KRW3.8b/ USD2.7m |

### ▶ ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| Foosung (%) | 15.2 | 47.3 | 4.2 |
| Vs Kospi (%pts) | 9.1 | 10.9 | -21.3 |

### ▶ KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | Not Rated | | |
| Target price | n/a | | |
| 2025E EPS | n/a | | |
| 2026E EPS | n/a | | |

### ▶ SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 1 |
| Target price | 10,000 |
| Recommendation | 4.0 |

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

### SUMMARY FINANCIAL DATA

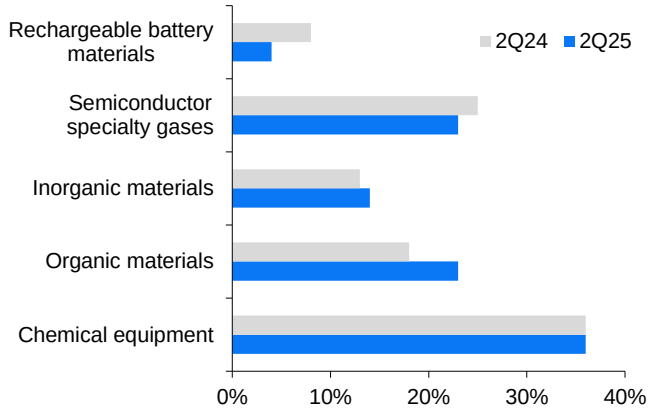
| | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|
| Revenue (KRWb) | 438 | 0 | 0 | 0 |
| Operating profit (KRWb) | (10) | 0 | 0 | 0 |
| Net Profit (KRWb) | (83) | 0 | 0 | 0 |
| EPS (adj) (KRW) | n/a | n/a | n/a | 0 |
| EPS (adj) growth (%) | nm | nm | nm | 0.0 |
| EBITDA margin (%) | 8.0 | n/a | n/a | 0.0 |
| ROE (%) | (21.7) | 0.0 | n/a | 0.0 |
| P/E (adj) (x) | n/a | n/a | n/a | 0.0 |
| P/B (x) | n/a | n/a | n/a | 0.0 |
| EV/EBITDA (x) | 8.4 | n/a | n/a | 0.0 |
| Dividend yield (%) | n/a | n/a | n/a | 0.0 |

Source: Company data, Samsung Securities estimates

**Semiconductor specialty gases to contribute more:** Through a JV with Central Glass (Japan), Foosung is building a new plant to make the gases that are used in: 1) cryogenic etching processes; and 2) cleaning processes for NAND production. The plant may come online as soon as 4Q. This new specialty gas lineup, alongside its existing C4F6 and WF6 gas production, should lift both its sales and earnings.

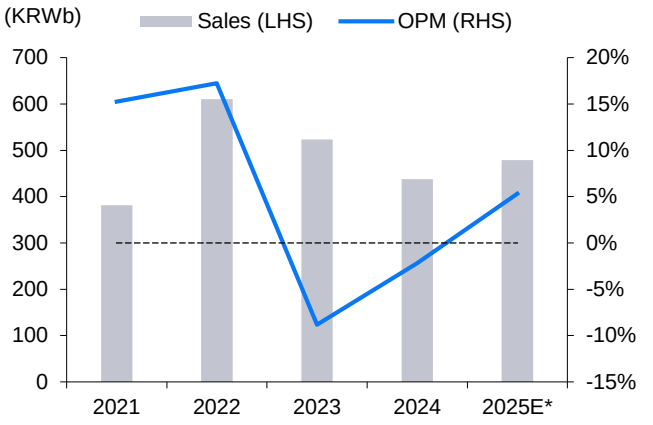
**To turn profitable; value of subsidiaries noteworthy:** According to FnGuide-based consensus, Foosung will turn profitable in 2025, with sales of KRW479b and an operating income of KRW25b. In 2026, its sales and operating profit should reach KRW589b and KRW37b. The shares are trading at 32x 2026 P/E (based on the Sep 11 closing price), which appears undemanding when factoring in the value of its equity in subsidiary Hantech (a maker of LNG heat exchangers; equity worth KRW391.3b).

**Foosung: Consolidated revenue, by division**




Source: Company data

**Foosung: Revenue and OPM trend (consolidated basis)**




Note: The 2025 figures are based on FnGuide consensus
Source: FnGuide

## Income statement

| Year-end Dec 31 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Sales** | **237** | **305** | **413** | **281** | **253** |
| Cost of goods sold | 185 | 215 | 297 | 253 | 214 |
| **Gross profit** | **52** | **90** | **116** | **28** | **39** |
| Gross margin (%) | 21.9 | 29.4 | 28.1 | 10.0 | 15.4 |
| SG&A expenses | 29 | 34 | 40 | 35 | 35 |
| **Operating profit** | **23** | **56** | **76** | **(7)** | **4** |
| Operating margin (%) | 9.7 | 18.4 | 18.4 | (2.7) | 1.6 |
| **Non-operating Gains (Losses)** | **(10)** | **4** | **(5)** | **(102)** | **(130)** |
| Financial Profit | 1 | 1 | 1 | 1 | 2 |
| Financial Costs | 4 | 5 | 4 | 5 | 5 |
| Gains (Losses) in Equity Method | 0 | 0 | 0 | 0 | 0 |
| Other | (7) | 7 | (2) | (98) | (127) |
| **Pre-tax profit** | **13** | **60** | **71** | **(109)** | **(126)** |
| Taxes | 2 | 13 | 15 | (12) | (30) |
| Effective tax rate (%) | 16.9 | 21.4 | 21.3 | 10.9 | 24.1 |
| Profit from continuing operations | 11 | 47 | 56 | (97) | (95) |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **11** | **47** | **56** | **(97)** | **(95)** |
| Net margin (%) | 4.6 | 15.4 | 13.5 | (34.7) | (37.6) |
| Net profit (Controlling Interests) | 11 | 47 | 56 | (97) | (95) |
| Net profit (Non-controlling Interests) | 0 | 0 | 0 | 0 | 0 |
| EBITDA | 46 | 81 | 103 | 18 | 27 |
| EBITDA margin (%) | 19.4 | 26.4 | 24.8 | 6.6 | 10.7 |
| EPS (parent) (KRW) | 115 | 492 | 585 | (1,001) | (915) |
| EPS (consolidated) (KRW) | 115 | 492 | 585 | (1,001) | (915) |
| Adjusted EPS (KRW)* | 115 | 492 | 585 | (1,001) | (915) |

## Balance sheet

| Year-end Dec 31 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Current assets** | **105** | **111** | **130** | **99** | **145** |
| Cash & equivalents | 38 | 10 | 14 | 5 | 18 |
| Accounts receivable | 27 | 37 | 40 | 29 | 31 |
| Inventories | 23 | 47 | 72 | 55 | 52 |
| Other current assets | 18 | 17 | 4 | 10 | 44 |
| **Fixed assets** | **310** | **319** | **425** | **396** | **317** |
| Investment assets | 129 | 120 | 151 | 86 | 50 |
| Tangible assets | 172 | 192 | 268 | 210 | 144 |
| Intangible assets | 2 | 2 | 2 | 2 | 2 |
| Other long-term assets | 7 | 5 | 4 | 98 | 120 |
| **Total assets** | **415** | **430** | **555** | **495** | **462** |
| **Current liabilities** | **88** | **66** | **100** | **90** | **61** |
| Accounts payable | 8 | 13 | 19 | 10 | 9 |
| Short-term debt | 5 | 2 | 2 | 2 | 21 |
| Other current liabilities | 75 | 51 | 80 | 78 | 32 |
| **Long-term liabilities** | **92** | **86** | **96** | **146** | **155** |
| Bond & long-term debt | 83 | 72 | 89 | 135 | 146 |
| Other long-term liabilities | 9 | 13 | 8 | 11 | 9 |
| **Total liabilities** | **180** | **151** | **196** | **236** | **217** |
| **Owners of parent equity** | **235** | **279** | **358** | **259** | **245** |
| Capital stock | 46 | 46 | 47 | 47 | 54 |
| Capital surplus | 55 | 55 | 76 | 76 | 152 |
| Retained earnings | 129 | 176 | 234 | 135 | 41 |
| Other | 4 | 1 | 1 | 1 | (0) |
| **Non-controlling interests equity** | **0** | **0** | **0** | **0** | **0** |
| **Total equity** | **235** | **279** | **358** | **259** | **245** |
| Net debt | 89 | 69 | 119 | 177 | 122 |

## Cash flow statement

| Year-end Dec 31 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Cash flow from operations** | **50** | **57** | **68** | **12** | **49** |
| Net profit | 11 | 47 | 56 | (97) | (95) |
| Non-Cash Profit and Expense | 35 | 39 | 53 | 129 | 125 |
| Depreciation | 23 | 24 | 26 | 26 | 23 |
| Amortization | 0 | 0 | 0 | 0 | 0 |
| Others | 13 | 14 | 26 | 103 | 102 |
| Changes in A/L from Operating Activities | 10 | (27) | (26) | (2) | 9 |
| **Cash flow from investments** | **(28)** | **(35)** | **(103)** | **(73)** | **(114)** |
| Change in Tangible Assets | (20) | (50) | (105) | (76) | (77) |
| Change in Financial Assets | (7) | 0 | 13 | (1) | (39) |
| Other | (0) | 15 | (11) | 4 | 2 |
| **Cash flow from financing** | **(12)** | **(50)** | **40** | **52** | **79** |
| Change in debt | (10) | (48) | 41 | 50 | (2) |
| Change in equity | 0 | 0 | 22 | 0 | 82 |
| Dividends | (1) | 0 | (1) | (2) | 0 |
| Other | (0) | (2) | (22) | 3 | (1) |
| Change in cash | 10 | (28) | 4 | (9) | 14 |
| Cash at beginning of year | 28 | 38 | 10 | 14 | 5 |
| Cash at end of year | 38 | 10 | 14 | 5 | 18 |
| **Gross cash flow** | **46** | **86** | **109** | **32** | **30** |
| **Free cash flow** | **30** | **7** | **(38)** | **(64)** | **(29)** |

## Financial ratios

| Year-end Dec 31 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | (1.6) | 28.7 | 35.4 | (32.1) | (9.8) |
| Operating profit | (15.2) | 143.3 | 35.6 | Turnedneg | Turnedpos |
| Net profit | (18.1) | 327.5 | 19.1 | Turnedneg | Remainedneg |
| Adjusted EPS** | (18.1) | 327.5 | 18.9 | Turnedneg | Remainedneg |
| **Per share data (KRW)** | | | | | |
| EPS (parent) | 115 | 492 | 585 | (1,001) | (915) |
| EPS (consolidated) | 115 | 492 | 585 | (1,001) | (915) |
| Adjusted EPS ** | 115 | 492 | 585 | (1,001) | (915) |
| BPS | 2,462 | 2,916 | 3,682 | 2,663 | 2,289 |
| DPS (common) | 0 | 15 | 19 | 0 | 0 |
| **Valuations (x)** | | | | | |
| P/E*** | 100.2 | 45.9 | 17.9 | (11.7) | (5.4) |
| P/B*** | 4.7 | 7.7 | 2.8 | 4.4 | 2.2 |
| EV/EBITDA | 25.7 | 27.4 | 11.0 | 70.8 | 24.3 |
| **Ratios** | | | | | |
| ROE (%) | 4.8 | 18.3 | 17.6 | (31.5) | (37.8) |
| ROA (%) | 2.6 | 11.1 | 11.4 | (18.5) | (19.9) |
| ROIC (%) | 9.3 | 20.4 | 21.3 | (2.2) | 1.3 |
| Payout ratio (%) | 0.0 | 3.0 | 3.4 | 0.0 | 0.0 |
| Dividend yield (Common, %) | 0.0 | 0.1 | 0.2 | 0.0 | 0.0 |
| Net debt to equity (%) | 38.0 | 24.7 | 33.2 | 68.3 | 49.7 |
| Interest coverage (x) | 7.0 | 23.1 | 23.4 | (1.6) | 0.9 |

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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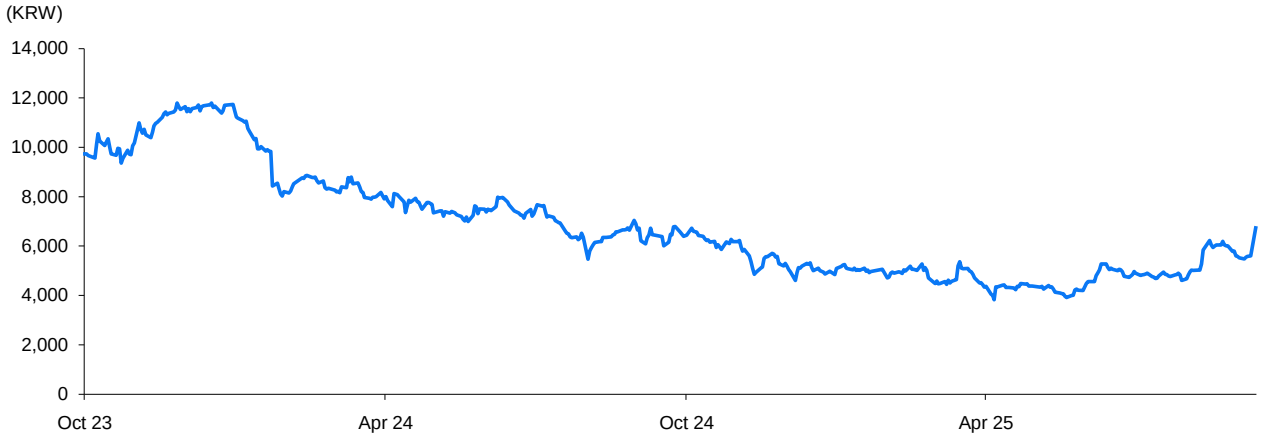


## Rating changes over past two years (adjusted share prices)

| | |
|---|---|
| **Date** | 2025/9/16 |
| **Recommendation** | Not Rated |
| **Target price (KRW)** | n/a |
| **Gap* (average)** | |
| **(max or min)**** | |

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

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| | |
|---|---|
| **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 |
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* 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%)

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