COMPANY UPDATE

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Hanwha Solutions (009830)

3Q review; US solar market rebounding but missing out

- Hanwha Solutions reported a 3Q operating loss of KRW7.4b (-KRW109.5b q-q), bettering consensus (KRW155.7b loss; FnGuide), thanks to stronger-than-forecast improvement in solar earnings.
- We expect its operating loss to widen KRW150b q-q to KRW157.4b in 4Q, sharply missing consensus (KRW122.7b profit), due to sustained low utilization at its US solar module manufacturing operation.
- Reflecting our lowered estimate on solar profitability, we cut our SOTP-based target price by 8% from KRW39,000 to KRW36,000. Earnings may be sluggish in the near term, but should recover from 2026.

▶ AT A GLANCE

BUY

Target price	KRW36,000	25.2%
Current price	KRW28,750	
Market cap	KRW4.9t/USD3.4b	
Shares (float)	171,892,536 (61.2%)	
52-week high/low	KRW39,050/KRW14,860	
Avg daily trading value (60-day)	KRW42.1b/ USD29.0m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Hanwha Solutions (%)	-0.2	-5.1	31.3
Vs Kospi (%pts)	-11.5	-39.3	-15.5

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	36,000	39,000	-7.7%
2025E EPS	-2,283	-2,283	0.0%
2026E EPS	2,377	2,377	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	8
Target price	36,500
Recommendation	3.8

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

WHAT'S THE STORY?

3Q review—beats consensus: Hanwha Solutions reported an operating loss of KRW7.4b (-KRW109.5b q-q), bettering consensus (KRW155.7b loss; FnGuide) and our estimate (KRW130.3b loss). The beat was largely attributable to the renewable energy division, whose operating profit came to KRW7.9b (vs our estimate of KRW95.2b loss).

- **Basic materials:** The basic materials division saw its operating loss narrow KRW37.8b q-q to KRW9b. Despite cost declines, major product prices stayed solid, leading to spread improvements. While the PVC-naphtha spread and caustic soda prices decreased 1% and 5% q-q, respectively, the TDI-toluene spread widened 38% q-q in 3Q.
- **Processed materials:** The processed materials division posted an operating profit of KRW9.8b (-63% q-q). Although sales of lightweight composite materials declined due to clients' summer vacations, the division managed to stay profitable by adjusting sales in the low-margin solar material markets and improving cost efficiency at its US plant.

(Continued on the next page)

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg (% y-y)	Chg (% q-q)	Diff (%) Samsung	Diff (%) Consensus
Sales	3,364.3	19.1	7.9	-0.0	3.0
Operating profit	-7.4	nm	nm	nm	nm
Pre-tax profit	-39.7	nm	nm	nm	nm
Net profit	4.5	nm	nm	-0.5	nm
Margins (%)					
Operating profit	-0.2				
Pre-tax profit	-1.2				
Net profit	0.1				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	n/a	n/a	12.1
P/B	0.3	0.6	0.5
EV/EBITDA	35.3	26.3	10.1
Div yield (%)	1.9	1.0	1.0
EPS growth (% y-y)	nm	nm	nm
ROE (%)	-16.0	-4.3	4.5
Per-share data (KRW)			
EPS	-8,050	-2,283	2,377
BVPS	54,974	52,174	54,286
DPS	300	300	300

- **Renewable energy:** The renewable energy division recorded sales of KRW1.75t (+21% q-q) and an operating profit of KRW7.9b (operating margin of 0.5%; or -3.4% if excluding AMPC), compared with our forecasts of KRW1.9t in sales and KRW95.2b in operating loss. While IRA AMPC disappointed at KRW68.2b (vs our estimate of KRW122.3b), all businesses exceeded expectations—the module manufacturing business recorded an operating loss of only KRW158.6b (vs our estimate of KRW211.5b loss), the power generation unit contributed an operating profit of KRW18.7b (vs KRW64b loss), and the residential energy business delivered an operating profit of KRW79.6b (vs KRW58b profit). Module manufacturing and IRA AMPC deteriorated q-q due to low utilization rates at the US facility, whereas power generation and residential energy businesses showed surprisingly strong sales and profitability. US customs clearance delays for raw materials persisted into 3Q and 4Q.

4Q preview—to miss consensus: We expect its operating loss to widen KRW150b q-q to KRW157.4b in 4Q, sharply missing consensus (KRW122.7b profit; FnGuide), due to production disruptions at its US solar module plant stemming from customs clearance delays for raw materials. The company manufactures primarily solar modules in the US, using cells imported from Korea and Malaysia. But the cells have been detained by the US Customs and Border Protection (CBP) under suspicion of the use of polysilicon produced in violation of the Uyghur Forced Labor Prevention Act (UFLPA)—leading to reduced module production through 3Q and 4Q, a sharp drop in IRA AMPC, and greater fixed cost burdens from underutilization. A weakening of solar profitability, therefore, will be inevitable. The renewable energy division is likely to log sales of KRW1.78t (+2% q-q) and an operating loss of KRW109.9b (-KRW117.8b; for a margin of -6.2%), the latter a net result of a KRW162.4b loss from module manufacturing (-KRW3.8b q-q; for a margin of -81.7%), a KRW8.3b loss from power generation (-KRW27b q-q; for a margin of -0.7%), a KRW20.7b profit from residential energy (-74% q-q; for a margin of 5.9%) and KRW40.1b in IRA AMPC (-41% q-q).

View—earnings to recover from 2026: We cut our SOTP-based target price by 8% from KRW39,000 to KRW36,000, as we revise down our estimate on solar profitability. The US solar market has remained in a wait-and-see mode since the IRA amendment in July, but supply recently tightened in the residential segment, driving ASPs higher. While the company won't be able to fully benefit from this trend until 4Q due to ongoing US customs issues, it has begun shifting its raw material sourcing from China (without links to Uyghur forced labor in Xinjiang) to non-Chinese suppliers (OCI Holdings), which should help gradually resolve clearance delays. Given that its profitability in the solar business largely depends on stable module production in the US, the resolution of clearance issue should enable a swift earnings recovery. As such, its earnings may be sluggish in the near term but should recover in 2026. We maintain BUY.

Table 1. Hanwha Solutions: Sum-of-the-parts valuation

(KRWb)	Forward EBITDA	Multiple (x)	EV	Details
Operating value (A)				
Basic materials	270	8.0	2,154	Peers (chemical companies*)
Process materials	97	8.3	805	Peers (Hyosung Advanced Materials, Nitto Denko, Sumitomo)
Solar	362	9.6	3,465	Peers (global solar equipment companies**); **Revised up from 9.1x**
Other	139	8.0	1,109	Same multiple as retail division
Total	868	8.7	7,532	**Revised down 12-month forward EBITDA from KRW931b**
Asset value (B)			3,916	30% discount
Net debt (C)			5,272	Based on end-2025E; **revised up from KRW5.16t 100% present value of residential energy profit*** and AMPC**** tax credit reflected**
Market capitalization of preferred shares (D)			58	As of Nov 5 close
Fair market capitalization (E=A+B-C-D)			6,118	
Outstanding shares ('000)			171,893	
Fair value per share (KRW)			35,593	
Target price (KRW)			36,000	**Revised down by 8% (KRW39,000 previously)**
Current price (KRW)			28,750	As of Nov 5 close
Upside (%)			25.2	
2025 implied P/E (x)			12.4	
2026 implied P/E (x)			4.9	
2025 implied P/B (x)			0.7	
2026 implied P/B (x)			0.6	

Note: * LG Chem, Lotte Chemical, BASF, LyondellBasell, Westlake, Wanhua Chemical
** Hyundai Energy Solution, Canadian Solar, Jinko Solar, First Solar
*** Residential energy profit, which heavily depends on the IRA ITC, is expected to generate KRW1.3t in cash inflow on a present value basis (down from KRW1.4t), calculated as of early 2025 using a 5% discount rate, reflecting cash flows expected to be monetized by 2028 under the assumption that the ITC ends in 2027.
****Cash inflows from the IRA AMPC are also expected to reach KRW5.1t on a present value basis (down from KRW5.4t), calculated as of early 2025 using a 5% discount rate.

Source: Bloomberg, Samsung Securities estimates

Table 2. Hanwha Solutions: Quarterly results

(KRWb)	3Q25	2Q25	3Q24	Consensus	Samsung	Diff (%)			
						(%q-q)	(%y-y)	Consensus	Samsung
Sales	3,364	3,117	2,773	3,267	3,597	7.9	21.3	3.0	-6.5
Operating income	-7	102	-81	-156	-130	Turned neg	Remained neg	Remained neg	Remained neg
Pre-tax income	-40	-148	-370	-358	-262	Remained neg	Remained neg	Remained neg	Remained neg
Net income	5	-178	-388	-284	-204	Turned pos	Turned pos	Turned pos	Turned pos
Attributable to parent	-12	-202	-401	-316	-200	Remained neg	Remained neg	Remained neg	Remained neg
Margins (%)									
Operating income	-0.2	3.3	-2.9	-4.8	-3.6				
Pre-tax income	-1.2	-4.8	-13.4	-10.9	-7.3				
Net income	0.1	-5.7	-14.0	-8.7	-5.7				
Attributable to parent	-0.4	-6.5	-14.4	-9.7	-5.6				

Source: Company data, FnGuide, Samsung Securities estimates

Table 3. Hanwha Solutions: Quarterly results, by division

(KRWb)	3Q25	2Q25	3Q24	Chg (% q-q)	Chg (% y-y)
Sales	3,364	3,117	2,773	7.9	21.3
Basic materials	1,160	1,239	1,189	-6.4	-2.4
Process materials	258	308	255	-16.2	1.3
Solar	1,752	1,446	1,153	21.1	52.0
Other	195	124	150	57.1	29.6
Operating profit	-7	102	-81	Turned neg	Remained neg
Basic materials	-9	-47	-31	Remained neg	Remained neg
Process materials	4	10	6	-63.3	-41.0
Solar	8	156	-41	-94.9	Turned pos
Other	-10	-17	-14	Remained neg	Remained neg
Pre-tax income	-40	-148	-370	Remained neg	Remained neg
Net income	5	-178	-388	Turned pos	Turned pos
Margins (%)					
Operating income	-0.2	3.3	-2.9		
Basic materials	-0.8	-3.8	-2.6		
Process materials	1.4	3.2	2.4		
Solar	0.5	10.8	-3.6		
Other	-5.1	-13.8	-9.6		
Pre-tax income	-1.2	-4.8	-13.4		
Net income	0.1	-5.7	-14.0		

Source: Company data, Samsung Securities

Table 4. Hanwha Solutions: Simulation of tax credit benefits under IRA

(GW)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Advanced Manufacturing Production Credit													
Polysilicon (cent/watt)			0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.60	0.40	0.20	
Wafer (cent/watt)			4.70	4.70	4.70	4.70	4.70	4.70	4.70	3.52	2.35	1.17	
Cell (cent/watt)			4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	2.00	1.00	
Module (cent/watt)			7.00	7.00	7.00	7.00	7.00	7.00	7.00	5.25	3.50	1.75	
Hanwha Solutions' US solar PV production capacity													
Wafer					3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
Cell					3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
Module	1.7	1.7	3.1	5.1	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	
Georgia #1	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
Georgia #2			1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
Georgia #3				2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Georgia #4					3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
Hanwha Solutions' US solar PV operating rate													
Wafer					0%	36%	86%	100%	100%	100%	100%	100%	
Cell					0%	21%	86%	100%	100%	100%	100%	100%	
Module	100%	100%	51%	87%	57%	81%	90%	100%	100%	100%	100%	100%	
Georgia #1	100%	100%	78%	90%	57%	81%	90%	100%	100%	100%	100%	100%	
Georgia #2			19%	86%	57%	81%	90%	100%	100%	100%	100%	100%	
Georgia #3				84%	57%	81%	90%	100%	100%	100%	100%	100%	
Georgia #4					56%	81%	90%	100%	100%	100%	100%	100%	
Hanwha Solutions' US solar PV production													
Wafer					0.0	1.2	2.8	3.3	3.3	3.3	3.3	3.3	
Cell					0.0	0.7	2.8	3.3	3.3	3.3	3.3	3.3	
Module	1.7	1.7	1.6	4.4	4.8	6.8	7.5	8.4	8.4	8.4	8.4	8.4	
Georgia #1	1.7	1.7	1.3	1.5	1.0	1.4	1.5	1.7	1.7	1.7	1.7	1.7	
Georgia #2			0.3	1.2	0.8	1.1	1.3	1.4	1.4	1.4	1.4	1.4	
Georgia #3				1.7	1.1	1.6	1.8	2.0	2.0	2.0	2.0	2.0	
Georgia #4					1.9	2.7	3.0	3.3	3.3	3.3	3.3	3.3	
Hanwha Solutions IRA tax credit benefits (USDm)													
Total			160	405	335	560	775	875	875	656	438	219	5,296
Wafer					0	56	134	155	155	116	78	39	733
Cell					0	28	114	132	132	99	66	33	604
Module			160	405	335	476	527	588	588	441	294	147	3,960
Hanwha Solutions IRA tax credit benefits (KRWb)													
Total			210	555	474	747	1,015	1,138	1,138	853	569	284	6,982
Wafer					0	75	175	202	202	151	101	50	956
Cell					0	38	149	172	172	129	86	43	787
Module			210	555	471	637	690	764	764	573	382	191	5,239
Present value* of IRA tax credit benefits (KRWb)													
Total			210	555	448	680	877	936	891	637	404	192	5,831
Wafer					0	68	151	166	158	113	72	34	762
Cell					0	34	129	141	134	96	61	29	625
Module			210	555	448	578	596	629	599	428	272	129	4,444

Note: *Discounted to the beginning of 2025 using a discount rate of 5%

Source: Samsung Securities estimates

Table 5. Hanwha Q Cells: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E
KRW/USD (average)	1,453	1,401	1,387	1,390	1,370	1,350	1,330	1,310	1,306	1,365	1,408	1,340
Sales	**1,599**	**1,446**	**1,752**	**1,777.1**	**1,665**	**1,721**	**1,608**	**1,774**	**6,616**	**5,780**	**6,574**	**6,768**
Growth (% q-q)	-44.3	-9.6	21.1	1.5	-6.3	3.4	-6.5	10.3				
Growth (% y-y)	105.4	47.6	52.0	-38.1	4.1	19.0	-8.2	-0.2	18.8	-12.6	13.7	2.9
Module Manufacturing / Others	587	573.9	432	198.8	576.4	590	465	604	4,566	2,542	1,792	2,235
Growth (% q-q)	-41.7	-2.2	-24.7	-54.0	189.9	2.4	-21.2	30.0				
Growth (% y-y)	36.3	1.1	-19.8	-80.2	-1.7	2.8	7.5	203.9	-8.3	-44.3	-29.5	24.8
Power generation business / EPC	419	394.2	819	1,227.9	607.7	626	613	613	2,050	2,960	2,860	2,460
Growth (% q-q)	-74.4	-5.9	107.7	50.0	-50.5	3.0	-2.0	0.0				
Growth (% y-y)	22.3	-2.7	41.5	-24.8	45.0	58.8	-25.1	-50.0	247.4	44.4	-3.4	-14.0
Residential energy business	594	478.3	501	350.4	480.7	505	530	557		278	1,923	2,072
Growth (% q-q)	158.1	-19.4	4.7	-30.0	37.2	5.0	5.0	5.0				
Growth (% y-y)	10,583.6	6,363.5	1,318.1	52.4	-19.0	5.5	5.9	58.8			591.1	7.8
Operating profit	**136**	**156**	**8**	**-110**	**119**	**247**	**321**	**363**	**568**	**-259**	**190**	**1,050**
Growth (% q-q)	124.8	14.7	-94.9	To turn neg	To turn pos	108.2	30.1	13.1				
Growth (% y-y)	Turned pos	Turned pos	Turned pos	To turn neg	-12.9	58.1	3,965.8	To turn pos	62.3	Turned neg	To turn pos	451.7
Module Manufacturing / Others	-135	-20	-159	-162	-96	-51	-3	8	265	-959	-476	-143
Growth (% q-q)	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	To remain neg	To remain neg	To turn pos				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	To remain neg	To remain neg	To turn pos	-5.4	Turned neg	To remain neg	To remain neg
Power generation business / EPC	-42	-61	19	-8	18	25	15	21	94	89	-93	80
Growth (% q-q)	Turned neg	Remained neg	Turned pos	To turn neg	To turn pos	37.3	-38.8	40.0				
Growth (% y-y)	Remained neg	Remained neg	-39.3	To turn neg	To turn pos	To turn pos	-18.0	To turn pos	33.9	-5.2	To turn neg	To turn pos
Residential energy business	129	55	80	21	71	90	100	105		56	285	365
Growth (% q-q)	78.9	-57.3	44.2	-74.0	244.2	26.3	10.9	5.0				
Growth (% y-y)	Turned pos	Turned pos	Turned pos	-71.4	-44.9	62.8	25.2	406.1			412.9	28.3
IRA AMPC	184	182	68	40	125	183	209	229	210	555	474	747
Growth (% q-q)	-3.3	-1.0	-62.5	-41.2	212.8	46.1	14.3	9.5				
Growth (% y-y)	90.4	24.0	-43.9	-78.9	-31.8	0.7	207.0	472.2	0.0	164.8	-14.6	57.6
Margins (%)												
Operating profit	8.5	10.8	0.5	-6.2	7.1	14.3	20.0	20.5	8.6	-4.5	2.9	15.5
Module Manufacturing / Others	-23.0	-3.4	-36.7	-81.7	-16.7	-8.7	-0.7	1.3	5.8	-37.7	-26.6	-6.4
Power generation business / EPC	-10.0	-15.6	2.3	-0.7	3.0	4.0	2.5	3.5	4.6	3.0	-3.2	3.3
Residential energy business	21.8	11.5	15.9	5.9	14.8	17.8	18.8	18.8		19.9	14.8	17.6

Source: Company data, Samsung Securities estimates

Table 6. Hanwha Solutions: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E
KRW/USD (average)	1,453	1,401	1,387	1,390	1,370	1,350	1,330	1,310	1,306	1,365	1,408	1,340
Sales	**3,094**	**3,117**	**3,364**	**3,407**	**3,285**	**3,278**	**3,212**	**3,341**	**13,079**	**12,394**	**12,983**	**13,116**
Growth (% q-q)	-32.2	0.7	7.9	1.3	-3.6	-0.2	-2.0	4.0				
Growth (% y-y)	31.5	17.6	21.3	-25.3	6.1	5.2	-4.5	-1.9	-0.4	-5.2	4.7	1.0
Basic materials	1,074	1,239	1,160	1,169	1,155	1,132	1,121	1,110	5,097	4,817	4,642	4,518
Process materials	274	308	258	270	313	283	286	278	989	1,038	1,110	1,160
Solar	1,599	1,446	1,752	1,777	1,665	1,721	1,608	1,774	6,616	5,780	6,574	6,768
Other	148	124	195	191	152	143	197	179	587	773	657	671
Operating profit	**30**	**102**	**-7**	**-157**	**98**	**247**	**333**	**368**	**579**	**-300**	**-32**	**1,046**
Growth (% q-q)	-70.5	236.7	Turned neg	To remain neg	To turn pos	151.3	34.6	10.8				
Growth (% y-y)	Turned pos	Turned pos	Remained neg	To turn neg	224.4	142.1	To turn pos	To turn pos	-37.3	Turned neg	To remain neg	To turn pos
Basic materials	-91	-47	-9	-44	-16	-1	13	7	60	-122	-191	3
Growth (% q-q)	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	To remain neg	To turn pos	-46.6				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	To remain neg	To turn pos	To turn pos	-89.9	Turned neg	To remain neg	To turn pos
Process materials	-2	10	4	9	8	13	11	10	64	24	20	43
Growth (% q-q)	Remained neg	Turned pos	-63.3	139.7	-2.1	57.1	-20.5	-2.7				
Growth (% y-y)	Turned neg	8.9	-41.0	To turn pos	To turn pos	35.4	193.2	19.1	82.2	-63.5	-13.9	110.4
Solar	136	156	8	-110	119	247	321	363	568	-259	190	1,050
Growth (% q-q)	124.8	14.7	-94.9	To turn neg	To turn pos	108.2	30.1	13.1				
Growth (% y-y)	Turned pos	Turned pos	Turned pos	To turn neg	-12.9	58.1	3,965.8	To turn pos	62.3	Turned neg	To turn pos	451.7
Other	-13	-17	-10	-12	-12	-12	-12	-12	-88	55	-52	-49
Growth (% q-q)	Turned neg	Remained neg	Remained neg	To remain neg	To remain neg	To remain neg	To remain neg	To remain neg				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	To turn neg	To remain neg	To remain neg	To remain neg	To remain neg	Remained neg	Turned pos	To turn neg	To remain neg
Consolidation adjustments	0	-0	-0	-0	-0	-0	-0	-0	-25	2	-0	-0
Growth (% q-q)	Turned pos	Turned neg	Remained neg	To remain neg	To remain neg	To remain neg	To remain neg	To remain neg				
Growth (% y-y)	-99.3	Turned neg	Remained neg	To remain neg	To turn neg	To remain neg	To remain neg	To remain neg	Remained neg	Turned pos	To turn neg	To remain neg
Equity-method income	135	3	99	-51	-29	-27	-29	-58	83	-327	186	-143
Growth (% q-q)	Turned pos	-97.7	3,044.0	To turn neg	To turn neg	To remain neg	To remain neg	To remain neg				
Growth (% y-y)	Turned pos	Turned pos	Turned pos	To remain neg	To turn neg	To turn neg	To turn neg	To remain neg	Turned pos	Turned neg	To turn pos	To turn neg
Pre-tax profit	-68	-148	-40	-309	-22	128	212	219	132	-1,424	-566	538
Growth (% q-q)	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	To turn pos	65.1	3.5				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	To turn pos	To turn pos	To turn pos	-76.0	Turned neg	To remain neg	To turn pos
Net profit	**-30**	**-178**	**5**	**-131**	**-9**	**105**	**174**	**180**	**-88**	**-1,369**	**-336**	**450**
Growth (% q-q)	Remained neg	Remained neg	Turned pos	To turn neg	To remain neg	To turn pos	65.1	3.5				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	To remain neg	To remain neg	To turn pos	3,748.6	To turn pos	Turned neg	Remained neg	To remain neg	To turn pos
Attributable to parent company	-44	-202	-12	-140	-18	97	165	171	-141	-1,404	-398	415
Margins (%)												
Operating profit	1.0	3.3	-0.2	-4.6	3.0	7.5	10.4	11.0	4.4	-2.4	-0.3	8.0
Basic materials	-8.5	-3.8	-0.8	-3.8	-1.4	-0.1	1.2	0.6	1.2	-2.5	-4.1	0.1
Process materials	-0.7	3.2	1.4	3.2	2.7	4.7	3.7	3.7	6.5	2.3	1.8	3.7
Solar	8.5	10.8	0.5	-6.2	7.1	14.3	20.0	20.5	8.6	-4.5	2.9	15.5
Other	-8.7	-13.8	-5.1	-6.2	-8.2	-8.7	-6.3	-6.9	-14.9	7.1	-7.9	-7.4
Pre-tax profit	-2.2	-4.8	-1.2	-9.1	-0.7	3.9	6.6	6.6	1.0	-11.5	-4.4	4.1
Net profit	-1.0	-5.7	0.1	-3.9	-0.3	3.2	5.4	5.4	-0.7	-11.0	-2.6	3.4

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**13,079**	**12,394**	**12,983**	**13,116**	**13,394**
Cost of goods sold	10,913	11,008	11,219	10,270	9,793
Gross profit	**2,165**	**1,386**	**1,764**	**2,846**	**3,601**
Gross margin (%)	16.6	11.2	13.6	21.7	26.9
SG&A expenses	1,586	1,686	1,796	1,799	1,845
Operating profit	**579**	**-300**	**-32**	**1,046**	**1,755**
Operating margin (%)	4.4	-2.4	-0.3	8.0	13.1
Non-operating gains (losses)	**-616**	**-1,352**	**-534**	**-509**	**-383**
Financial profit	92	108	207	292	328
Financial costs	411	548	638	660	646
Equity-method gains (losses)	83	-327	186	-143	-54
Other	-380	-585	-290	2	-11
Pre-tax profit	**-37**	**-1,652**	**-566**	**538**	**1,372**
Taxes	47	-316	-232	88	246
Effective tax rate (%)	-127.0	19.1	41.0	16.3	17.9
Profit from continuing operations	82	-1,109	-333	450	1,126
Profit from discontinued operations	-170	-260	-2	0	0
Net profit	**-88**	**-1,369**	**-336**	**450**	**1,126**
Net margin (%)	-0.7	-11.0	-2.6	3.4	8.4
Net profit (controlling interests)	-141	-1,404	-398	415	1,091
Net profit (non-controlling interests)	53	35	63	35	35
EBITDA	1,255	415	681	1,767	2,482
EBITDA margin (%)	9.6	3.4	5.2	13.5	18.5
EPS (parent-based) (KRW)	-795	-8,050	-2,283	2,377	6,251
EPS (consolidated) (KRW)	-497	-7,847	-1,923	2,580	6,454
Adjusted EPS (KRW)*	-795	-8,050	-2,283	2,377	6,251

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**9,797**	**10,883**	**10,568**	**11,396**	**11,314**
Cash & equivalents	1,958	2,184	1,457	2,191	1,914
Accounts receivable	2,023	2,305	2,414	2,439	2,491
Inventories	3,447	4,258	4,460	4,505	4,601
Other current assets	2,369	2,136	2,237	2,260	2,308
Fixed assets	**14,993**	**19,154**	**19,601**	**19,935**	**19,925**
Investment assets	4,653	5,434	5,594	5,749	5,866
Tangible assets	7,050	10,727	11,072	11,304	11,224
Intangible assets	1,773	1,756	1,697	1,644	1,597
Other long-term assets	1,517	1,238	1,238	1,238	1,238
Total assets	**24,790**	**30,037**	**30,169**	**31,331**	**31,239**
Current liabilities	**8,734**	**11,708**	**11,622**	**11,764**	**10,955**
Accounts payable	1,837	2,610	2,734	2,762	2,821
Short-term debt	2,947	5,110	5,110	5,110	5,110
Other current liabilities	3,950	3,987	3,777	3,892	3,024
Long-term liabilities	**6,776**	**7,722**	**8,359**	**8,980**	**8,623**
Bonds & long-term debt	5,566	6,423	7,017	7,628	7,252
Other long-term liabilities	1,210	1,300	1,342	1,351	1,371
Total liabilities	**15,510**	**19,430**	**19,981**	**20,744**	**19,578**
Owners of parent equity	**8,117**	**9,450**	**8,968**	**9,331**	**10,370**
Capital stock	889	889	889	889	889
Capital surplus	1,496	1,562	1,562	1,562	1,562
Retained earnings	5,609	4,132	3,682	4,045	5,084
Other	123	2,866	2,835	2,835	2,835
Non-controlling interests' equity	**1,163**	**1,157**	**1,220**	**1,255**	**1,291**
Total equity	**9,280**	**10,607**	**10,188**	**10,587**	**11,661**
Net debt	7,491	10,701	11,668	11,627	10,591

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**518**	**638**	**565**	**1,758**	**2,321**
Net profit	-88	-1,369	-336	450	1,126
Non-cash profit and expenses	1,562	1,953	797	1,446	1,511
Depreciation	610	649	655	668	680
Amortization	66	66	59	53	47
Other	886	1,237	83	725	784
Changes in A/L from operating activities	-499	84	-102	-23	-48
Cash flow from investments	**-2,799**	**-3,287**	**-933**	**-781**	**-496**
Change in tangible assets	-2,349	-3,344	-1,000	-900	-600
Change in financial assets	28	-107	-30	-7	-14
Other	-478	163	97	126	118
Cash flow from financing	**1,609**	**2,676**	**-367**	**52**	**-1,936**
Change in debt	1,789	3,485	258	697	-1,304
Change in equity	-913	66	0	0	0
Dividends	-52	-138	-52	-52	-52
Other	786	-737	-573	-593	-580
Change in cash	-658	226	-728	734	-276
Cash at beginning of year	2,616	1,958	2,184	1,457	2,191
Cash at end of year	1,958	2,184	1,457	2,191	1,914
Gross cash flow	**1,474**	**584**	**462**	**1,896**	**2,637**
Free cash flow	**-1,873**	**-2,759**	**-435**	**858**	**1,721**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-0.4	-5.2	4.7	1.0	2.1
Operating profit	-37.3	nm	nm	nm	67.7
Net profit	nm	nm	nm	nm	150.1
Adjusted EPS**	nm	nm	nm	nm	163.0
Per-share data (KRW)					
EPS (parent-based)	-795	-8,050	-2,283	2,377	6,251
EPS (consolidated)	-497	-7,847	-1,923	2,580	6,454
Adjusted EPS**	-795	-8,050	-2,283	2,377	6,251
BVPS	47,223	54,974	52,174	54,286	60,330
DPS (common)	300	300	300	300	300
Valuations (x)					
P/E***	n/a	n/a	n/a	12.1	4.6
P/B***	0.8	0.3	0.6	0.5	0.5
EV/EBITDA	12.4	35.3	26.3	10.1	6.8
Ratios (%)					
ROE	-1.7	-16.0	-4.3	4.5	11.1
ROA	-0.4	-5.0	-1.1	1.5	3.6
ROIC	3.1	-1.6	-0.1	5.2	8.5
Payout ratio	-36.0	-3.6	-12.8	12.3	4.7
Dividend yield (common)	0.8	1.9	1.0	1.0	1.0
Net debt to equity	80.7	100.9	114.5	109.8	90.8
Interest coverage (x)	1.4	-0.5	-0.1	1.6	2.7

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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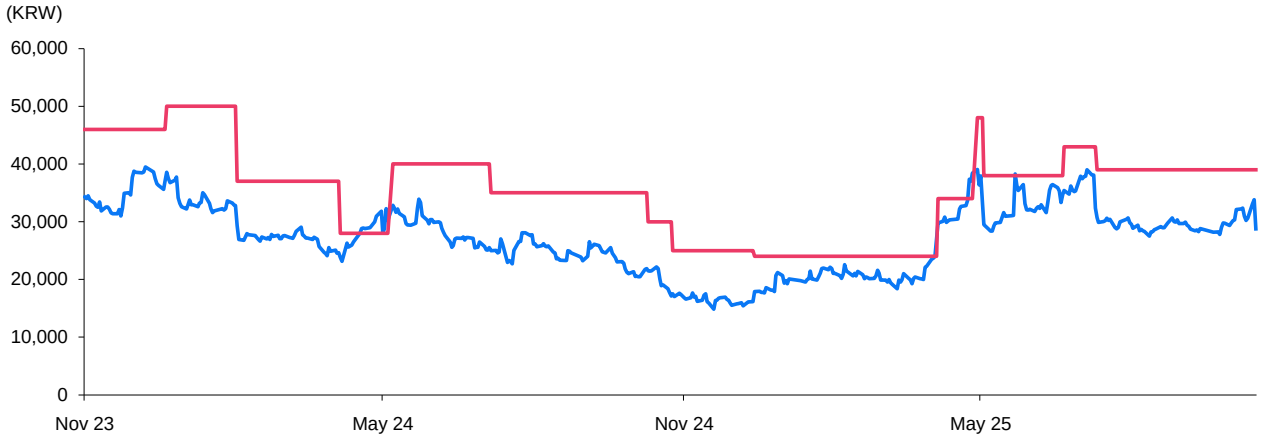
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/10/31	2024/1/10	2/22	4/25	5/27	7/26	10/30	11/14	2025/1/3	4/25	5/19	5/23
Recommendation	BUY	BUY	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	46000	50000	37000	28000	40000	35000	30000	25000	24000	34000	48000	38000
Gap* (average)	-26.55	-32.80	-27.49	1.65	-28.46	-30.39	-33.88	-33.96	-14.79	-3.03	-25.24	-13.71
(max or min)**	-14.13	-24.50	-21.49	15.18	-15.25	-19.71	-26.17	-29.32	12.92	12.94	-20.94	0.66

Date	7/11	7/31	11/6
Recommendation	BUY	BUY	BUY
Target price (KRW)	43000	39000	36000
Gap* (average)	-14.92	-24.04	
(max or min)**	-9.30	-13.33	

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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