COMPANY UPDATE

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Industrial Team

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LX International (001120)

Dividend yield stands out in near term

- LX International reported 3Q consolidated operating profit of KRW64.8b, which met consensus.
- Despite a continued weakness in Indonesian coal prices, the company delivered in-line results thanks to a low base at the coal mine and solid logistics earnings
- We advise investors to center on high dividend yield, not near-term earnings momentum.

▶ AT A GLANCE

BUY

Target price	KRW38,000	28.4%
Current price	**KRW29,600**	
Market cap	KRW1.1t/USD0.8b	
Shares (float)	38,760,000 (64.9%)	
52-week high/low	KRW34,100/KRW23,900	
Avg daily trading value (60-day)	KRW3.3b/ USD2.3m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
LX International (%)	-2.5	11.7	1.0
Vs Kospi (%pts)	-13.6	-28.6	-35.0

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	38,000	38,000	0.0%
2025E EPS	5,259	5,746	-8.5%
2026E EPS	5,944	6,310	-5.8%

▶ SAMSUNG vs THE STREET

No of estimates	5
Target price	35,600
Recommendation	3.8

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

WHAT'S THE STORY?

3Q review: LX International reported 3Q consolidated sales of KRW4.5t (up 17.7% q-q) and operating profit of KRW64.8b (up 17.8% q-q; meeting consensus). Despite a continued fall in Indonesian coal prices, operating results at the coal mine recovered to some degree on a low base from waste rock disposal costs in 2Q25. Logistics unit's earnings crept up q-q thanks to a rebound in the SCFI in May. In 4Q, however, we need to check the impact from a decline in the index from June. Earnings at the coal mine and IT trading operations should contract q-q on seasonally-weak demand.

(Continued on the next page)

LX International 3Q25 review

(KRWb)	3Q25	2Q25	Chg (% q-q)	3Q24	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	4,507.7	3,830.2	17.7	4,560.3	-1.2	4,179.5	7.9	3,830.2	1.5
Operating profit	64.8	55.0	17.8	154.7	-58.1	69.8	-7.2	55.0	-18.9
Pre-tax profit	60.4	64.6	-6.5	171.8	-64.9	70.8	-14.6	64.6	-31.2
Net profit	47.2	52.6	-10.3	85.0	-44.5	40.2	17.4	56.2	-16.0
Margins (%)									
Operating profit	1.4	1.4		3.4		1.7		1.4	
Pre-tax profit	1.3	1.7		3.8		1.7		1.7	
Net profit	1.0	1.4		1.9		1.0		1.5	

Source: Company data, Samsung Securities estimates

Valuation

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS (KRW)	EPS growth (% y-y)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2023	14,514	433	343	193	3,120	-79.7	9.4	1,006	4.4	0.5	5.3
2024	16,638	489	460	269	5,648	81.0	6.0	1,117	3.8	0.4	8.9
2025E	16,573	298	317	268	5,259	-6.9	5.6	1,073	3.4	0.4	8.9
2026E	17,240	326	367	266	5,944	13.0	5.0	1,059	3.2	0.4	7.4
2027E	17,782	352	398	288	6,505	9.4	4.5	1,009	3.0	0.4	7.8

Source: Company data, Samsung Securities estimates

Time to focus on dividend yield, not near-term results: Although Indonesian coal prices and the SCFI have recently shown mild signs of recovery, it is uncertain whether this will develop into a sustained structural trend next year. Moreover, due to a variety of seasonal factors, the near-term earnings outlook does not appear good. Yet, we maintain BUY rating as: 1) earnings should grow on increasing production at the Indonesia nickel mine; 2) dividend collected from the Xinzhen coal mine in China (subject to equity-method accounting) should be available for dividend, potentially pushing this year's dividend yield to around 6.8%; and 3) shares are trading at only 5x 2026 P/E.

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**14,514**	**16,638**	**16,573**	**17,240**	**17,782**
Cost of goods sold	13,139	15,131	15,158	15,728	16,213
Gross profit	**1,376**	**1,507**	**1,415**	**1,512**	**1,568**
Gross margin (%)	9.5	9.1	8.5	8.8	8.8
SG&A expenses	943	1,018	1,117	1,186	1,216
Operating profit	**433**	**489**	**298**	**326**	**352**
Operating margin (%)	3.0	2.9	1.8	1.9	2.0
Non-operating gains (losses)	**-90**	**-29**	**19**	**41**	**46**
Financial profit	422	435	217	47	46
Financial costs	521	541	330	120	114
Equity-method gains (losses)	137	181	119	114	114
Other	-128	-104	14	0	0
Pre-tax profit	**343**	**460**	**317**	**367**	**398**
Taxes	149	191	49	101	109
Effective tax rate (%)	43.6	41.5	15.5	27.5	27.5
Profit from continuing operations	193	269	268	266	288
Profit from discontinued operations	0	0	0	0	0
Net profit	**193**	**269**	**268**	**266**	**288**
Net margin (%)	1.3	1.6	1.6	1.5	1.6
Net profit (controlling interests)	117	176	241	234	263
Net profit (non-controlling interests)	76	94	27	32	26
EBITDA	747	853	621	650	672
EBITDA margin (%)	5.1	5.1	3.7	3.8	3.8
EPS (parent-based) (KRW)	3,120	4,533	5,259	5,944	6,779
EPS (consolidated) (KRW)	4,989	6,953	6,916	6,862	7,440
Adjusted EPS (KRW)*	3,120	5,648	5,259	5,944	6,505

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**4,034**	**4,577**	**4,753**	**5,028**	**5,313**
Cash & equivalents	1,139	1,218	1,262	1,276	1,326
Accounts receivable	1,267	1,581	1,765	1,886	1,982
Inventories	905	878	942	1,067	1,189
Other current assets	724	900	783	799	815
Fixed assets	**3,962**	**4,354**	**4,562**	**4,769**	**4,980**
Investment assets	869	1,050	1,044	1,080	1,118
Tangible assets	1,584	1,745	1,919	2,090	2,264
Intangible assets	1,236	1,280	1,280	1,280	1,280
Other long-term assets	273	279	319	319	319
Total assets	**7,995**	**8,931**	**9,315**	**9,796**	**10,293**
Current liabilities	**2,608**	**3,397**	**3,477**	**3,664**	**3,842**
Accounts payable	1,276	1,391	1,377	1,433	1,466
Short-term debt	131	324	324	324	324
Other current liabilities	1,202	1,683	1,776	1,907	2,053
Long-term liabilities	**2,312**	**2,214**	**2,295**	**2,369**	**2,442**
Bonds & long-term debt	1,761	1,490	1,491	1,491	1,491
Other long-term liabilities	551	724	804	878	951
Total liabilities	**4,920**	**5,611**	**5,772**	**6,033**	**6,284**
Owners of parent equity	**2,272**	**2,660**	**2,856**	**3,050**	**3,267**
Capital stock	194	194	194	194	194
Capital surplus	100	174	174	174	174
Retained earnings	1,966	2,100	2,296	2,490	2,707
Other	13	192	192	192	192
Non-controlling interests' equity	**803**	**659**	**686**	**713**	**742**
Total equity	**3,075**	**3,320**	**3,542**	**3,764**	**4,009**
Net debt	1,345	1,568	1,073	1,059	1,009

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**538**	**724**	**574**	**534**	**567**
Net profit	193	269	268	266	288
Non-cash profit and expenses	611	650	436	429	426
Depreciation	247	289	257	258	255
Amortization	67	74	66	66	66
Other	298	286	113	105	106
Changes in A/L from operating activities	37	-122	-130	-161	-148
Cash flow from investments	**-777**	**-253**	**-388**	**-379**	**-374**
Change in tangible assets	-85	-98	-355	-351	-355
Change in financial assets	-15	0	27	27	27
Other	-677	-155	-59	-54	-46
Cash flow from financing	**-178**	**-398**	**-148**	**-148**	**-148**
Change in debt	351	271	0	0	0
Change in equity	-1	74	0	0	0
Dividends	-194	-76	-72	-72	-72
Other	-333	-667	-76	-76	-76
Change in cash	-412	79	44	13	50
Cash at beginning of year	1,551	1,139	1,218	1,262	1,276
Cash at end of year	1,139	1,218	1,262	1,276	1,326
Gross cash flow	**805**	**920**	**704**	**695**	**715**
Free cash flow	**441**	**617**	**210**	**175**	**203**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-22.6	14.6	-0.4	4.0	3.1
Operating profit	-55.1	12.9	-39.1	9.5	7.9
Net profit	-75.2	39.4	-0.5	-0.8	8.4
Adjusted EPS**	-79.7	81.0	-6.9	13.0	9.4
Per-share data (KRW)					
EPS (parent-based)	3,120	4,533	5,259	5,944	6,779
EPS (consolidated)	4,989	6,953	6,916	6,862	7,440
Adjusted EPS**	3,120	5,648	5,259	5,944	6,505
BVPS	58,480	63,628	71,164	76,197	81,492
DPS (common)	1,200	2,000	2,000	2,000	2,000
Valuations (x)					
P/E***	9.4	6.0	5.6	5.0	4.5
P/B***	0.5	0.4	0.4	0.4	0.4
EV/EBITDA	4.4	3.8	3.4	3.2	3.0
Ratios (%)					
ROE	5.3	8.9	8.9	7.4	7.8
ROA	2.5	3.2	2.9	2.8	2.9
ROIC	7.0	7.1	6.9	7.5	7.8
Payout ratio	36.9	40.9	29.9	30.7	27.4
Dividend yield (common)	4.1	7.4	6.7	6.7	6.7
Net debt to equity	43.8	47.2	30.3	28.1	25.2
Interest coverage (x)	3.7	3.9	2.4	2.7	3.1

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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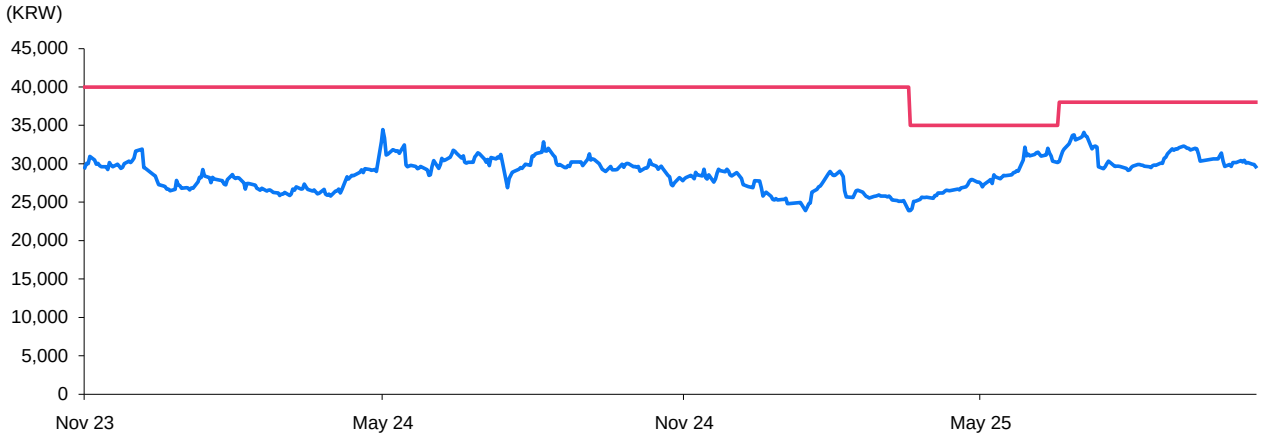
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/9/27	2024/9/27	2025/4/8	7/8
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	40000	40000	35000	38000
Gap* (average)	-28.22	-31.24	-19.63	
(max or min)**	-13.88	-23.75	-8.14	

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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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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Percentage of ratings in 12 months prior to 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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