COMPANY UPDATE

2025. 11. 25

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EV/Mobility Team

Esther Yim
Team Leader
esther.yim@samsung.com

Hyunji Kim
Research Associate
hyunzi.kim@samsung.com

Hankook T&T (161390)

2026 outlook: Robotaxi play

- EV demand is growing across markets outside the US, spelling a structural decline in oil prices. EV sales started to grow in 2020, and the time is approaching for these vehicles to replace their tires.
- Hankook Tire & Technology launched a separate brand, iON, to increase the EV tire portion of its sales. Tesla's affordable models use iON as their main tire, and iON is expected to be featured in Tesla's robotaxis, too.
- Hankook T&T is positioned to see its earnings improve in the physical AI era without the heavy capex burden associated with data centers. It is one of our top picks for 2026.

▶ AT A GLANCE

BUY

Target price	KRW72,000	23.3%
Current price	**KRW58,400**	
Market cap	KRW7.2t/USD4.9b	
Shares (float)	123,875,069 (55.3%)	
52-week high/low	KRW59,700/KRW36,200	
Avg daily trading value (60-day)	KRW17.8b/ USD12.1m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Hankook T&T (%)	32.1	54.9	52.7
Vs Kospi (%pts)	35.0	4.1	0.3

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	72,000	72,000	0.0%
2025E EPS	9,990	9,990	0.0%
2026E EPS	12,871	12,871	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	15
Target price	62,200
Recommendation	3.9

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

WHAT'S THE STORY?

Raising target price: Hankook Tire & Technology is beginning to recoup investments in its EV tire brand iON, which was launched in 2022. It is the only global tire company that operates a separate EV tire brand.

- **Raising target price 10.8%:** We raise our 12-month target price 10.8% to KRW72,000, which is the simple average of our fair-value-per-share estimates that we derived by applying: 1) an EV/EBITDA of 3.2x (left unchanged) to our 2026 EBITDA forecast; and 2) a P/E of 7.2x (left unchanged) to our 2026 EPS forecast. The two target multiples are 6- year averages (*ie*, post-pandemic averages). We believe Hankook T&T will shed its governance discount given: 1) its fundamentals, which are relatively resilient to the impact of tariffs; and 2) the growing likelihood of it raising its dividend payout ratio. The multiples may rise if confidence increases in its ability to recoup its EV tire-related investments. When the SUV tire replacement cycle began, it traded at 10-12x P/E.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	9,412	21,197	22,228	23,568
Operating profit (KRWb)	1,762	1,871	2,453	2,878
Net profit (adj) (KRWb)	1,131	1,225	1,579	1,954
EPS (adj) (KRW)	8,998	9,990	12,871	15,931
EPS (adj) growth (% y-y)	54.8	11.0	28.8	23.8
EBITDA margin (%)	24.2	12.0	14.5	15.8
ROE (%)	10.8	10.7	12.6	14.0
P/E (adj) (x)	4.3	5.8	4.5	3.7
P/B (x)	0.4	0.6	0.5	0.5
EV/EBITDA (x)	2.0	3.2	2.4	1.9
Dividend yield (%)	5.2	3.8	5.7	6.8

Source: Company data, Samsung Securities estimates

- **Fundamentals can withstand tariff impact:** We believe Hankook T&T's fundamentals can withstand the tariff impact. First, it hiked prices by 2-4% in Europe early in the year, by 2-4% in Korea in March, and by 5-8% in the US in early July. Second, it stands to see mix improvement—EV tire replacement demand is coming and raw material prices are falling. Third, a cut in the tariff from 25% to 15% should reduce its quarterly tariff bill by KRW10b from KRW27b to KRW17b.
- **Earnings set for secular growth:** Logistics and raw material costs have stabilized at lower levels, while the firm's sales are strengthening on: 1) an expanding EV tire portion of its sales; and 2) the start of a new plant.

Investment point 1—Able to offset US tariffs: A cut in the tariff to 15% should reduce its quarterly tariff bill by KRW10b (0.3%pts of sales) from KRW27b to KRW17b.

- **Quarter of US tires sold made in US:** Hankook T&T exports tires to the US from its plants in Korea (subject to a 15% tariff) and Indonesia (19% tariff). Of the firm's US sales, 25% of products are made within the US, while 45% come from Indonesia and 30% from Korea.
- **Product with pricing power:** Replacement (RE) tires are a product category where prices can be hiked with minimal consumer resistance. Since tire replacement typically occurs every 3-5 years, consumers tend to be less sensitive to price changes and often seek out familiar brands. Approximately 50% of consumers replace their tires with the same brand originally installed on their vehicle.
- **Prices raised since early 2025 to reflect higher natural rubber prices:** When raw material prices rise, tire makers raise prices around 2-3 months later. Hankook T&T hiked prices by 2-4% in Europe early in the year, by 2-4% in Korea in March, and by 5-8% in the US in early July. Prices of raw materials (natural rubber, synthetic rubber, carbon black) should stabilize at lower levels in 2H.
- **Tennessee plant expansion:** Phase two of the Tennessee plant is set to begin operations in 3Q. The addition of 6m units of capacity will lift the plant's total capacity to 12m units. By lifting utilization to 100% in late 2026, Hankook T&T would double the portion of tires it produces locally from 25% to 50%. Once phase two of the plant stabilizes, the company may consider additional expansions. Volumes previously exported to the US from Korea and Indonesia will be redirected to Europe, Southeast Asia, and MENA countries.
- **Earnings improvement at consolidated subsidiary Hanon Systems (54.78% stake):** Hanon Systems' earnings are improving more rapidly than expected thanks to: 1) the effects of restructuring and cost-cutting; and 2) a surge in EV sales in Europe (which accounts for 40% of the company's sales). To generate annual free cash flows, Hanon Systems needs an operating margin of 4%, which should be achievable in 1H26. We expect the company to enjoy a return to a full-year net profit in 2026, contributing to improvement in Hankook T&T's consolidated profits. The amortization of purchase price allocation (PPA; KRW29b per quarter) involving the Hanon Systems takeover should decline, as Hanon Systems' share price recovers.

Investment point 2—Hankook T&T's tire brand designed for EVs—tier jumping strategy to turn into higher earnings: Hankook T&T should rise to become a top-tier player on a combination of the EV tire replacement cycle and Tesla's robotaxis.

- **Separate EV tire brand iON launches in 2022:** Functionalized polymer and silica are added to iON tires to improve their performance. They are designed to be quiet and ecofriendly, and were first launched in Europe before being rolled out in Korea, the US, and China. As there is no established top-tier brand for EV tires yet, Hankook T&T aims to ascend to the top tier through this segment.
- **Tesla and BYD are key clients:** Hankook T&T has a diversified OE tire clientele. Its largest client is HMG (30% of sales), followed by VW (20%), Tesla (10%), and BYD (5%). It derives 5-10% of sales from each Japanese automaker. The affordable versions of Tesla's Model 3 and Model Y, which debuted in late October, have been kitted out with iON tires as standard. Tesla's robotaxis, set to enter production in Apr 2026, are also expected to feature Hankook T&T tires.
- **Targeting higher share of EV tires in OE tire sales:** Hankook T&T managed to grow the EV tire portion of its total OE tire sales from 15% in 2023 to 22% in 2024, and it is targeting 29% this year. The company generates 50% of its EV tire sales in China, 35% in Europe, and 15% in North America and Korea. OE tires generate margins similar to those on auto parts (5-6%), but their sales typically lead to greater demand for RE tires (which have higher margins) down the line. Hankook T&T has secured EV pure-plays Tesla, BYD, Xpeng, and Rivian as customers, and also supplies legacy automakers VW, HMC, and GM with EV tires.
- **Truck and bus tires have three times the ASP:** The tiremaker is believed to be in talks to supply tires for electric school buses and commercial vehicles in the US. A North American EV maker plans to begin robo-trucking services in 2026, and landing a deal to supply it with tires would create additional growth momentum for Hankook T&T. Truck and bus tires have three times the ASP of sedan/SUV tires. Hankook T&T is building a truck and bus tire plant in the US with 1m units of capacity, and the facility is scheduled to become operational in late 2026.
- **EV tires have shorter replacement cycles:** Tires on new internal combustion engine (ICE) cars are typically replaced after 4-5 years (or 80,000-100,000 miles of use) vs 3-4 years on EVs (60,000-80,000 miles)—EVs weigh more and can accelerate faster than ICE autos. Robotaxis/robotrucks in around-the-clock service with annual mileage of 50,000-80,000 miles should need more-frequent tire replacement—probably every 2 years.
- **Tires for EVs are 10-15% more expensive than those for ICE autos:** Hankook T&T is a second-tier player in the ICE vehicle tire industry, pricing its products 10-15% lower than those of top-tier companies Michelin and Bridgestone. Yet, the Korean firm prices its EV tires on par with those of Michelin and Bridgestone, as the top tier has yet to be established in the EV tire segment. OE tires for EVs command a 5-10% premium vs tires for ICE vehicles, as EV tires are generally larger (typically 18-22 inches). RE tires for ICE vehicles offer an operating margin of 15-20%, but RE tires for EVs can be more lucrative, providing an operating margin of 30%.
- **Tires up for replacement:** Hankook T&T enjoys a 4-5%pts higher operating margin during periods when RE tire demand is strong. Its shares surged: 1) in 2013 as a replacement cycle began—autos sold during the 2010 motorization of China needed new tires; and 2) in 2016 on the start of a

replacement cycle—SUV sales surged in 2012. The EV boom began in 2020, and the first wave of EV tire replacements is expected in 2025. As a supplier of tires to pure-play EV manufacturers, Hankook T&T stands to benefit the most from the upcoming replacement cycle. By 2026, EV tires should account for more than 8% of Hankook T&T's RE tire sales (80% of total tire sales). We estimate that every 10%pt increase in the EV tire portion of RE sales will boost operating margin by 0.8%pts.

Investment point 3—Stabilizing raw material prices: Oil demand in China has fallen this year and should wane globally from 2027 amid growing EV penetration. As autos account for 45% of global oil demand, oil prices are in for a structural decline.

- **EV demand rising not only in China but also in Europe and Korea:** Ytd (as of September), European demand for EVs surged 33% y-y to reach 3.1m units, supported by new model launches, the reinstatement of subsidies, and CO_2 regulations. Korean demand for EVs leapt 59% y-y to 182,000 units, driven by the launch of new mid- to low-priced models.
- **EV adoption spells lower demand for transport fuel:** As of 2024, road transport globally consumes 46.5m barrels per day (bpd), accounting for 45% of total global oil consumption (1.4b bpd). Given that oil demand in China started falling as EV penetration surpassed 50% in 2025, global oil demand should also peak in 2027.
- **Butadiene and carbon black are byproducts of crude oil:** In 1H25, raw material costs equated to 33% of Hankook T&T's sales, with the largest components being natural rubber (8.87% of sales), synthetic rubber (7.57%), tire cord (4.89%), and carbon black (4.47%). Butadiene, a feedstock for synthetic rubber, is produced through naphtha cracking, while carbon black is made by thermal decomposition of heavy fuel oil. Both tend to see prices fall to lower levels when oil prices decline. Since natural and synthetic rubbers can be used interchangeably to some degree, tire raw material costs are expected to remain on a steady long-term downtrend.
- **Spread between tire prices and raw material costs to widen from 3Q25:** Price competition may emerge as global tire demand stagnates. Upcoming replacement demand for EV tires is therefore important. As the EV tire replacement cycle begins, Hankook T&T should be able to deliver differentiated earnings.

Investment point 4—Strengthening shareholder return program: Hankook T&T has introduced interim dividends and plans to raise its dividend payout ratio to 35% (based on tire earnings) by 2027. It should manage to narrow the valuation gap with its peer group.

- **The most undervalued tiremaker:** Despite boasting high profitability, Hankook T&T is trading at 5.9x forward P/E vs the global tire maker average of 11x. We attribute this to investor disappointment over the acquisition of Hanon Systems, with which potential synergies are questionable. Hankook T&T's valuation should recover—two straight quarters of profitability at Hanon Systems confirms that it has turned around following restructuring.
- **Strengthening shareholder return program:** Based on tire business earnings over 2025-2027, the tiremaker plans to increase its interim dividends and lift its dividend payout ratio to 35% by 2027. We assume the ratio will rise 5%pts every year. Despite lower raw material prices we forecast that net

profit at the tire maker will be flat y-y at KRW1.13t in 2025 (vs KRW1.11t in 2024) due to tariff costs and the amortization of the purchase price allocation (KRW29b per quarter) involving the Hanon Systems acquisition. However, supported by a hike in its dividend payout ratio, Hankook T&T's DPS is likely to rise 10% to KRW2,200 in 2025 (including an interim DPS of KRW800) before jumping 59% to KRW3,500 in 2026 and to KRW4,200 in 2027. Dividend income from Hankook T&T should qualify for separate taxation, as the tiremaker is likely to maintain a dividend payout ratio above 25% and increase dividends by 85% (vs its three-year average of KRW1,833 per share).

Hankook T&T: Valuation

	KRWb	Notes
EV/EBITDA valuation		
2026E EBITDA	3,223	
Target EV/EBITDA (x)*	3.2	Maintaining previous multiple (3.2x)
EV	10,314	
Net debt**	4,112	As of end-3Q25
Market value	6,202	
Number of shares ('000)	123,875	
Fair price per share (KRW) (A)	50,063	
P/E valuation		
2025E-2026E avg EPS	12,917	
Target P/E (x)*	7.2	Maintaining previous multiple (7.2x)
Fair price per share (KRW) (B)	93,006	
Valuation		
Average (A, B) (KRW)	71,535	
Target price (KRW)	**72,000**	

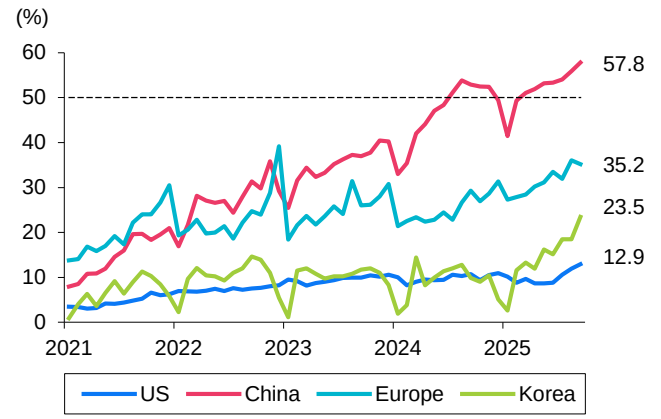
Source: Samsung Securities estimates

Hankook T&T: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
KRW/USD (average)	1,453	1,400	1,387	1,400	1,380	1,380	1,360	1,360	1,365	1,410	1,370	1,313
Revenue	4,964	5,370	5,413	5,451	5,233	5,835	5,627	5,533	9,412	21,197	22,228	23,568
Chg (% y-y)	133.3	131.7	122.3	115.3	5.4	8.7	4.0	1.5	5.3	125.2	4.9	6.0
Tire	2,346	2,511	2,707	2,646	2,448	2,858	2,819	2,693	9,412	10,210	10,818	11,624
Chg (% y-y)	10.3	8.3	11.2	4.5	4.4	13.8	4.1	1.8	5.3	8.5	6.0	7.5
Thermal management	2,617	2,858	2,706	2,805	2,785	2,978	2,808	2,840	n/a	10,987	11,410	11,944
Chg (% y-y)	n/a	n/a	n/a	n/a	6.4	4.2	3.8	1.2	n/a	n/a	3.9	4.7
Gross profit	964	1,098	1,297	1,292	1,314	1,416	1,467	1,222	3,468	4,650	5,420	5,967
Operating profit	355	354	586	576	554	623	593	682	1,762	1,871	2,453	2,878
Chg (% y-y)	-11.1	-15.8	24.6	21.8	56.3	76.3	1.3	18.3	32.7	6.1	31.1	17.3
Tire	334	289	519	468	443	488	473	531	1,762	1,610	1,935	2,235
Chg (% y-y)	-16.3	-31.1	10.4	-1.1	32.7	68.5	-8.8	13.5	32.7	-8.6	20.2	15.5
Thermal management	21	64	95	108	111	136	120	150	n/a	289	518	643
Chg (% y-y)	-67.7	-10.2	-1.0	흑전	428.7	111.3	25.8	38.8	n/a	n/a	79.1	24.2
Net profit	312	179	390	345	365	394	377	442	1,131	1,225	1,579	1,954
Controlling profit	320	182	390	345	369	398	381	447	1,115	1,238	1,594	1,973
Margins (%)												
Gross profit	19.4	20.4	24.0	23.7	25.1	24.3	26.1	22.1	36.8	21.9	24.4	25.3
Operating profit	7.1	6.6	10.8	10.6	10.6	10.7	10.5	12.3	18.7	8.8	11.0	12.2
Tire	14.2	11.5	19.2	17.7	18.1	17.1	16.8	19.7	18.7	15.8	17.9	19.2
Thermal management	0.8	2.2	3.5	3.9	4.0	4.6	4.3	5.3	n/a	2.6	4.5	5.4
Net profit	6.3	3.3	7.2	6.3	7.0	6.8	6.7	8.0	12.0	5.8	7.1	8.3
Controlling profit	6.4	3.4	7.2	6.3	7.1	6.8	6.8	8.1	11.8	5.8	7.2	8.4

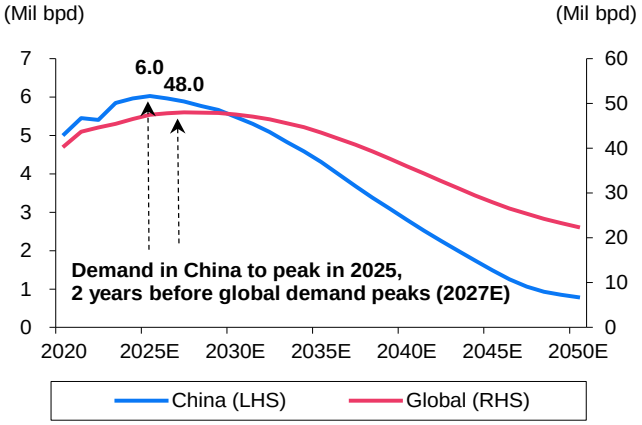
Source: Company data, Samsung Securities estimates

Global xEV penetration, by country



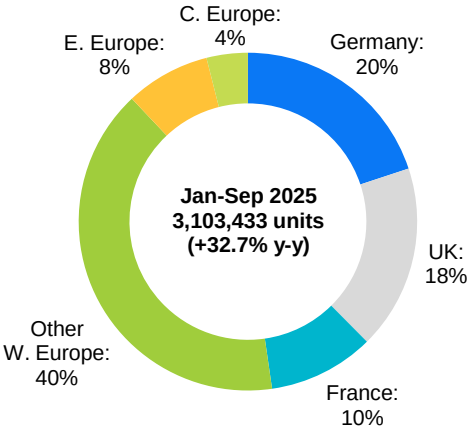
Source: EV-Volumes, Samsung Securities

Global transportation fuel: Peak demand—China vs the world



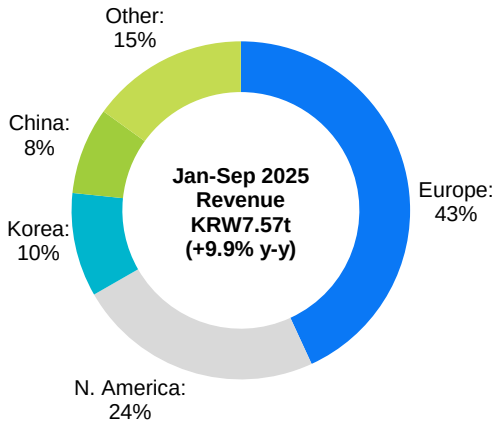
Source: Bloomberg NEF, Samsung Securities

Europe: EV demand, by country



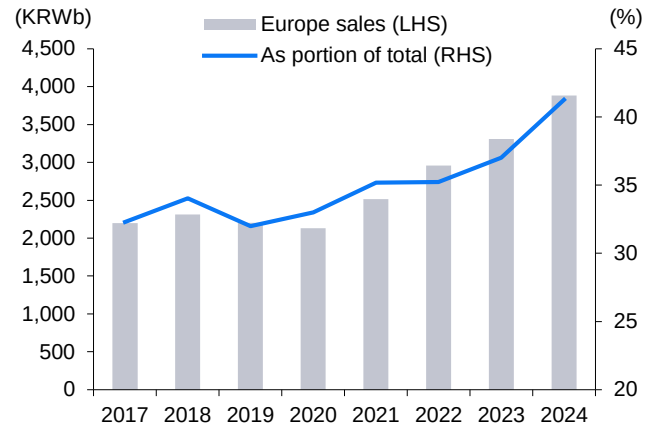
Source: EV-Volumes, Samsung Securities

Hankook T&T: Sales, by country



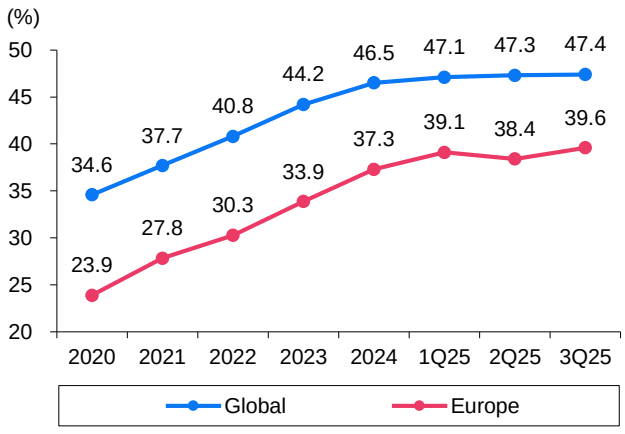
Source: Company data, Samsung Securities

Hankook T&T's revenue from Europe: Absolute and as portion of total



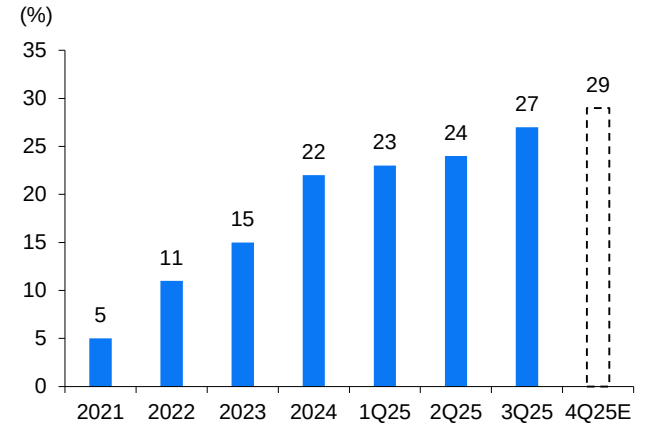
Source: Company data, Samsung Securities

Hankook T&T: 18-inch-or-larger portion of tires



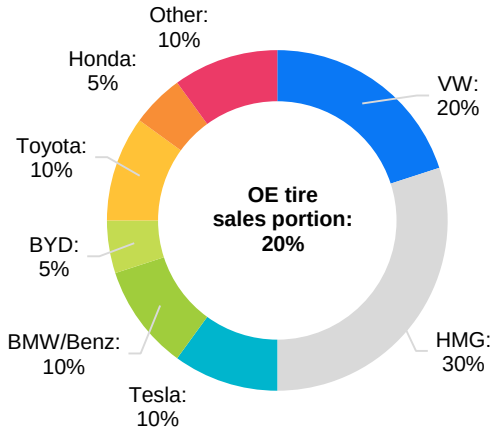
Source: Company data, Samsung Securities

Hankook T&T: EV tire portion of total OE tire sales volume



Source: Company data, Samsung Securities

Hankook T&T: OE tire sales, by customer



Source: Company data, Samsung Securities

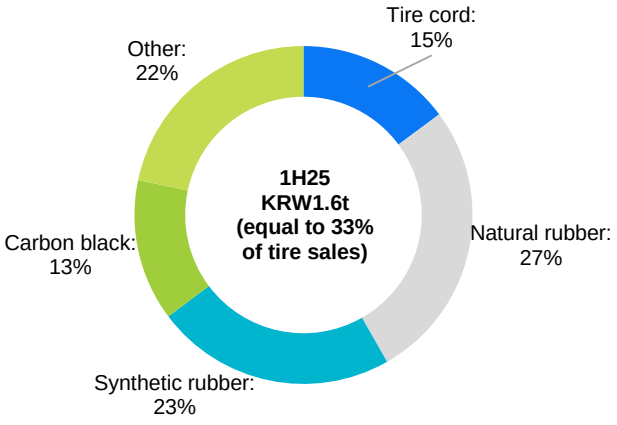
Tesla: Model Y with 19- and 20-inch tires

Source: Company data

Ford: F-150 Lightning with 18-, 20-, and 22-inch tires

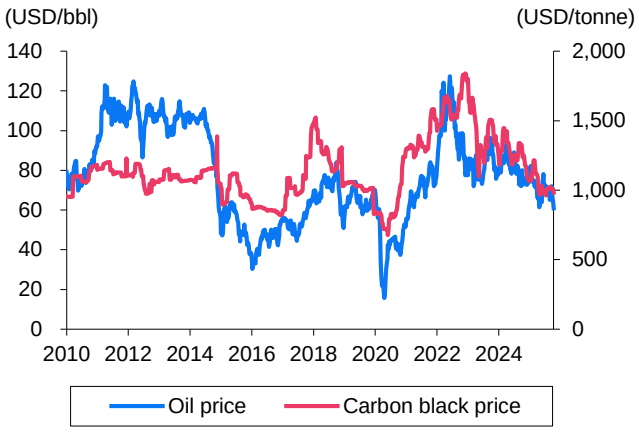
Source: Company data

Hankook T&T: Material costs



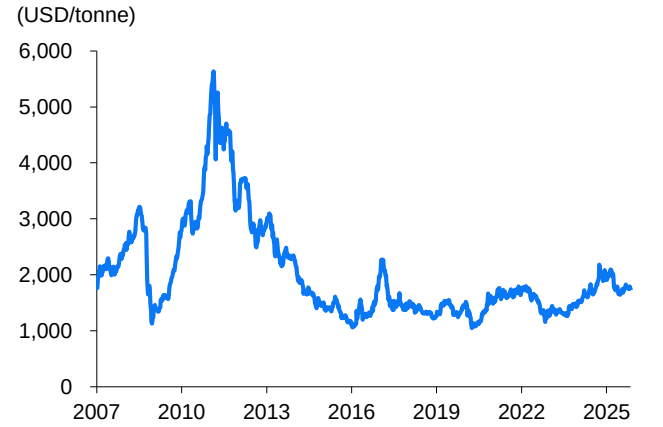
Source: Company data, Samsung Securities

Oil price vs carbon black price



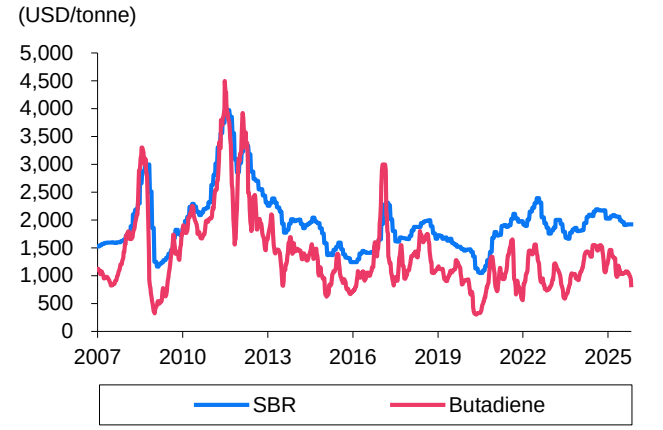
Note: Based on Brent crude
Source: Bloomberg, Samsung Securities

Natural rubber price



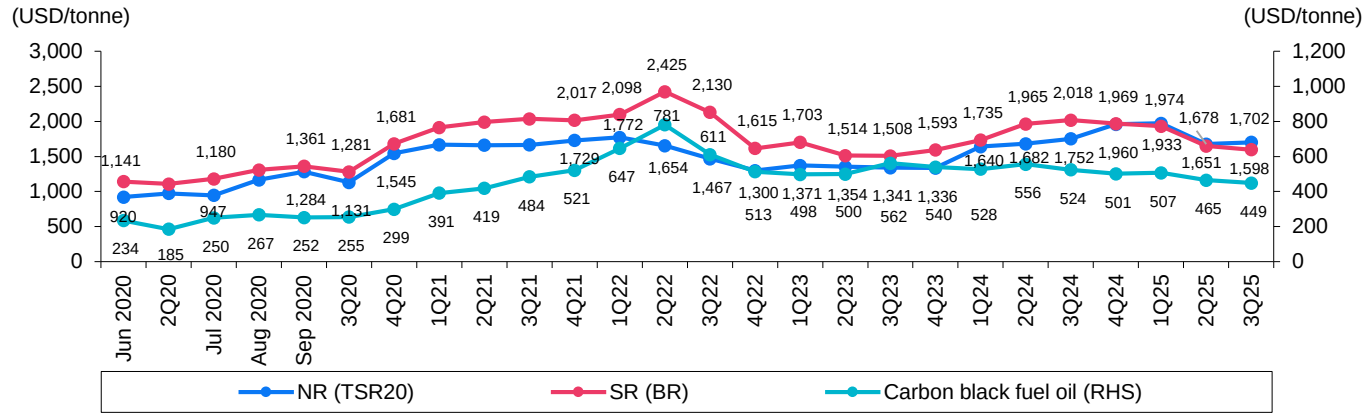
Source: Bloomberg, Samsung Securities

Synthetic rubber and butadiene prices



Source: Bloomberg, Samsung Securities

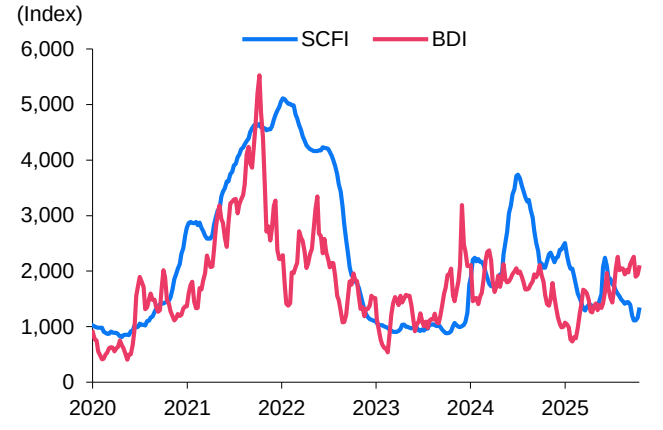
Hankook T&T: Raw material input costs



Note: Unit = USD/tonne

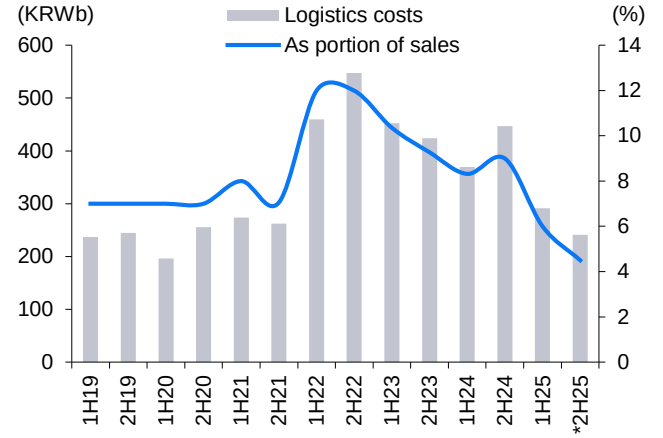
Source: Company data, Samsung Securities

Shipping indices: SCFI and BDI



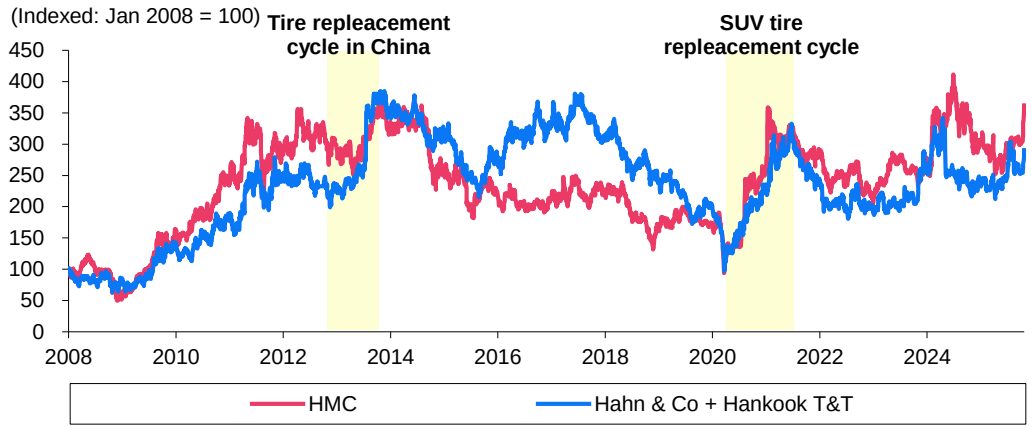
Source: Bloomberg, Samsung Securities

Hankook T&T: Logistics costs



Source: Company data, Samsung Securities estimates

Relative market cap: Hankook T&T + Hahn & Co vs HMC



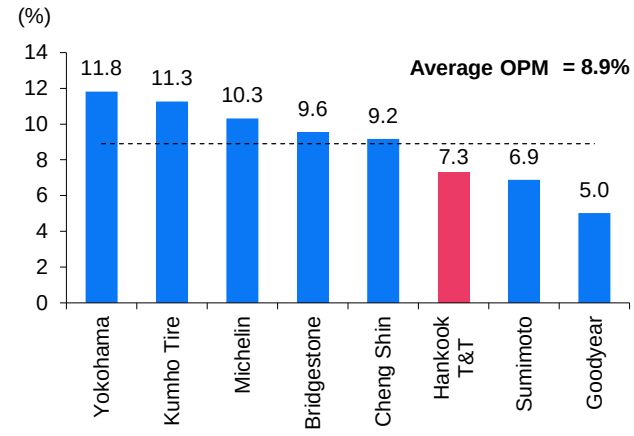
Note: Transitioned to a holding company structure in 2012;
Hankook T&T was Hahn & Co before 2
Source: Bloomberg, Samsung Securities

Hankook T&T: Global capacity and utilization rates

Capacity (mil units)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Korea	42	42	42	40	40	38	38	31	31	31	31
China	30	30	30	30	28	28	28	28	28	28	28
Hungary	18	18	18	18	18	18	18	18	18	18	22
Indonesia	11	11	11	11	11	11	11	11	11	11	11
US	0	0	0	5	5	5	5	5	5	10	12
Global total	**101**	**101**	**101**	**104**	**102**	**100**	**100**	**93**	**93**	**98**	**104**
Chg (% y-y)	-	-	-	3	-1.9	-2	-	-7	-	5.4	6.1
Utilization (%)	96	95	96	86	79	83	88	95	98	98	98

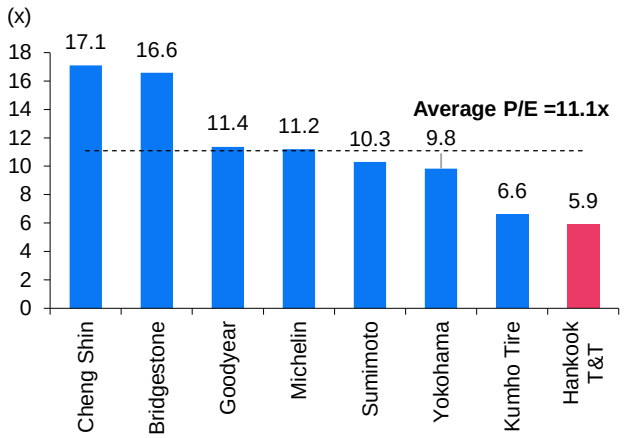
Source: Company data, Samsung Securities estimates

Global tire makers: Operating margin (2025E consensus)



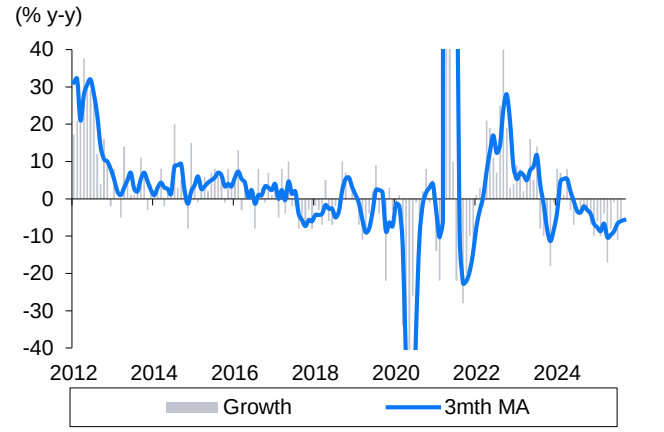
Source: Bloomberg, Samsung Securities

Global tire makers: Forward P/E valuation (2025E consensus)



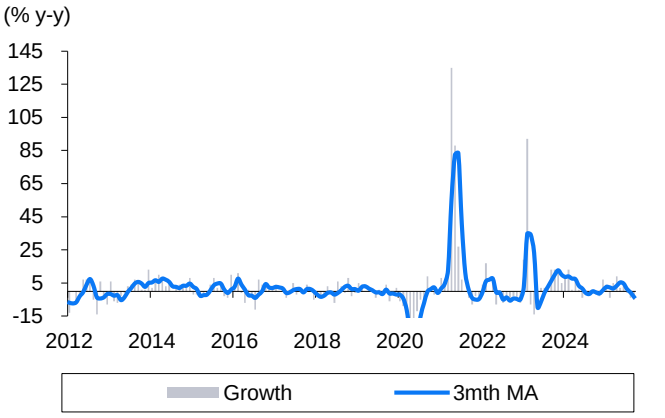
Source: Bloomberg, Samsung Securities

North America: OE tire demand for passenger cars and light trucks



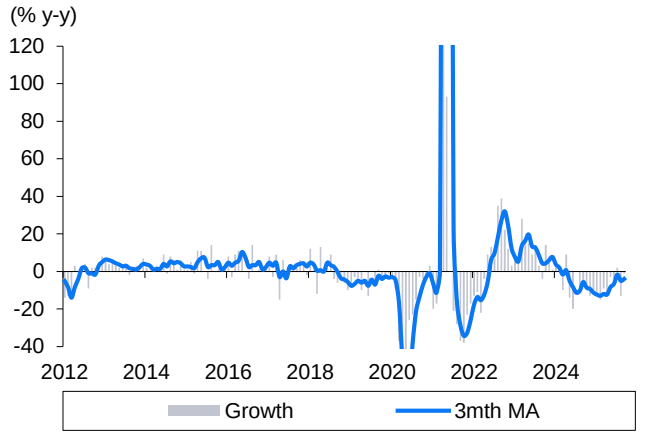
Source: Michelin, Samsung Securities

North America: RE tire demand for passenger cars and light trucks



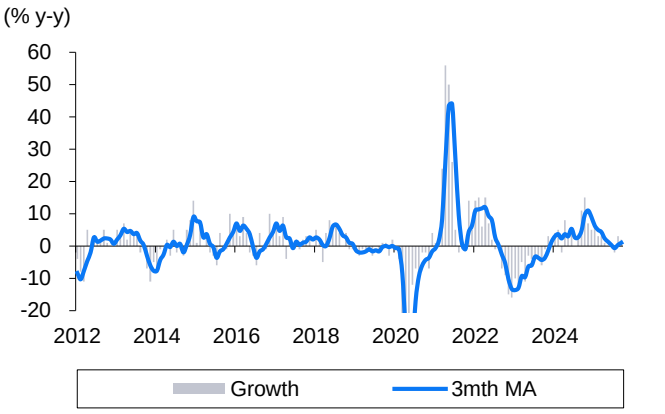
Source: Michelin, Samsung Securities

Europe*: OE tire demand for passenger cars and light trucks



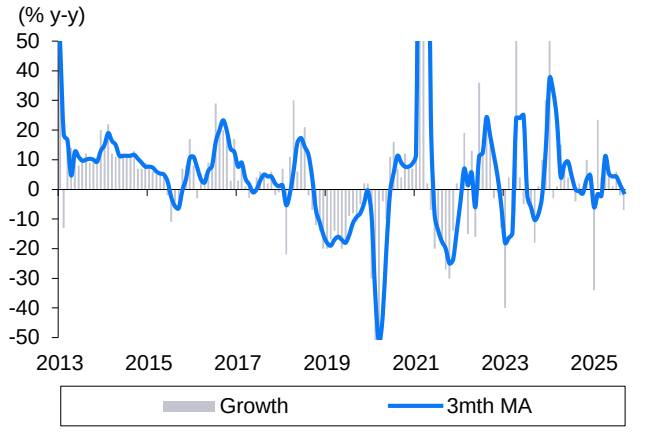
Source: Michelin, Samsung Securities

Europe*: RE tire demand for passenger cars and light trucks



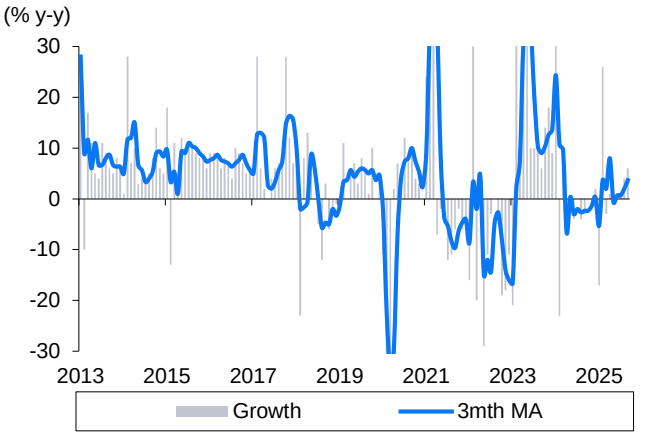
Source: Michelin, Samsung Securities

China: OE tire demand for passenger cars and light trucks



Source: Michelin, Samsung Securities

China: RE tire demand for passenger cars and light trucks



Source: Michelin, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**8,940**	**9,412**	**21,197**	**22,228**	**23,568**
Cost of goods sold	6,044	5,944	16,546	16,809	17,601
Gross profit	**2,896**	**3,468**	**4,650**	**5,420**	**5,967**
Gross margin (%)	32.4	36.8	21.9	24.4	25.3
SG&A expenses	1,568	1,706	2,780	2,967	3,089
Operating profit	**1,328**	**1,762**	**1,871**	**2,453**	**2,878**
Operating margin (%)	14.9	18.7	8.8	11.0	12.2
Non-operating gains (losses)	**-157**	**-188**	**-235**	**-348**	**-273**
Financial profit	153	220	131	159	211
Financial costs	202	145	73	98	110
Equity-method gains (losses)	-12	-93	72	0	0
Other	-96	-170	-365	-409	-374
Pre-tax profit	**1,171**	**1,574**	**1,635**	**2,105**	**2,605**
Taxes	442	443	410	526	651
Effective tax rate (%)	37.8	28.1	25.1	25.0	25.0
Profit from continuing operations	729	1,131	1,225	1,579	1,954
Profit from discontinued operations	0	0	0	0	0
Net profit	**729**	**1,131**	**1,225**	**1,579**	**1,954**
Net margin (%)	8.2	12.0	5.8	7.1	8.3
Net profit (controlling interests)	720	1,115	1,238	1,594	1,973
Net profit (non-controlling interests)	9	16	-12	-16	-19
EBITDA	1,835	2,277	2,544	3,223	3,719
EBITDA margin (%)	20.5	24.2	12.0	14.5	15.8
EPS (parent-based) (KRW)	5,814	8,998	9,990	12,871	15,931
EPS (consolidated) (KRW)	5,883	9,131	9,892	12,745	15,775
Adjusted EPS (KRW)*	5,814	8,998	9,990	12,871	15,931

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**6,768**	**7,275**	**12,487**	**14,078**	**15,688**
Cash & equivalents	2,244	1,882	1,006	2,041	2,928
Accounts receivable	1,653	1,862	4,194	4,398	4,663
Inventories	2,023	2,384	4,768	5,000	5,301
Other current assets	849	1,147	2,520	2,640	2,796
Fixed assets	**5,995**	**8,575**	**8,088**	**8,738**	**9,223**
Investment assets	1,555	2,046	533	553	579
Tangible assets	3,714	4,693	5,735	6,377	6,847
Intangible assets	252	250	235	222	212
Other long-term assets	474	1,586	1,586	1,586	1,586
Total assets	**12,763**	**15,850**	**20,575**	**22,816**	**24,911**
Current liabilities	**2,284**	**3,687**	**6,526**	**6,932**	**7,414**
Accounts payable	492	538	969	1,016	1,078
Short-term debt	334	977	1,077	1,177	1,277
Other current liabilities	1,458	2,171	4,480	4,738	5,059
Long-term liabilities	**849**	**968**	**1,927**	**2,477**	**2,538**
Bonds & long-term debt	279	147	657	1,167	1,177
Other long-term liabilities	571	821	1,270	1,310	1,361
Total liabilities	**3,134**	**4,655**	**8,454**	**9,409**	**9,952**
Owners of parent equity	**9,553**	**11,100**	**12,039**	**13,341**	**14,912**
Capital stock	62	62	62	62	62
Capital surplus	3,007	3,007	3,007	3,007	3,007
Retained earnings	6,437	7,354	8,250	9,552	11,123
Other	46	677	720	720	720
Non-controlling interests' equity	**77**	**94**	**82**	**67**	**47**
Total equity	**9,630**	**11,195**	**12,122**	**13,408**	**14,959**
Net debt	-1,503	-349	807	403	-361

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**1,975**	**1,886**	**-743**	**2,116**	**2,492**
Net profit	729	1,131	1,225	1,579	1,954
Non-cash profit and expenses	1,149	1,359	940	1,222	1,378
Depreciation	490	497	658	758	830
Amortization	18	18	15	13	11
Other	642	844	267	452	537
Changes in A/L from operating activities	499	-284	-2,569	-233	-303
Cash flow from investments	**97**	**-2,610**	**-2,706**	**-1,488**	**-1,414**
Change in tangible assets	-407	-1,025	-1,700	-1,400	-1,300
Change in financial assets	297	-146	-1,006	-88	-114
Other	207	-1,439	0	-0	0
Cash flow from financing	**-965**	**182**	**818**	**416**	**-179**
Change in debt	-768	1,063	1,160	709	223
Change in equity	0	0	0	0	0
Dividends	-98	-159	-342	-293	-403
Other	-100	-722	0	0	0
Change in cash	1,104	-362	-876	1,035	887
Cash at beginning of year	1,139	2,244	1,882	1,006	2,041
Cash at end of year	2,244	1,882	1,006	2,041	2,928
Gross cash flow	**1,878**	**2,490**	**2,166**	**2,801**	**3,332**
Free cash flow	**1,555**	**853**	**-2,443**	**716**	**1,192**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	6.5	5.3	125.2	4.9	6.0
Operating profit	88.1	32.7	6.1	31.1	17.3
Net profit	3.3	55.2	8.3	28.8	23.8
Adjusted EPS**	4.3	54.8	11.0	28.8	23.8
Per-share data (KRW)					
EPS (parent-based)	5,814	8,998	9,990	12,871	15,931
EPS (consolidated)	5,883	9,131	9,892	12,745	15,775
Adjusted EPS**	5,814	8,998	9,990	12,871	15,931
BVPS	78,306	90,995	98,691	109,361	122,238
DPS (common)	1,300	2,000	2,200	3,300	4,000
Valuations (x)					
P/E***	7.8	4.3	5.8	4.5	3.7
P/B***	0.6	0.4	0.6	0.5	0.5
EV/EBITDA	2.3	2.0	3.2	2.4	1.9
Ratios (%)					
ROE	7.8	10.8	10.7	12.6	14.0
ROA	5.8	7.9	6.7	7.3	8.2
ROIC	12.5	16.8	13.0	13.9	15.3
Payout ratio	22.0	21.9	21.7	25.2	24.7
Dividend yield (common)	2.9	5.2	3.8	5.7	6.8
Net debt to equity	-15.6	-3.1	6.7	3.0	-2.4
Interest coverage (x)	18.9	39.7	25.5	25.1	26.2

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

Source: Company data, Samsung Securities estimates

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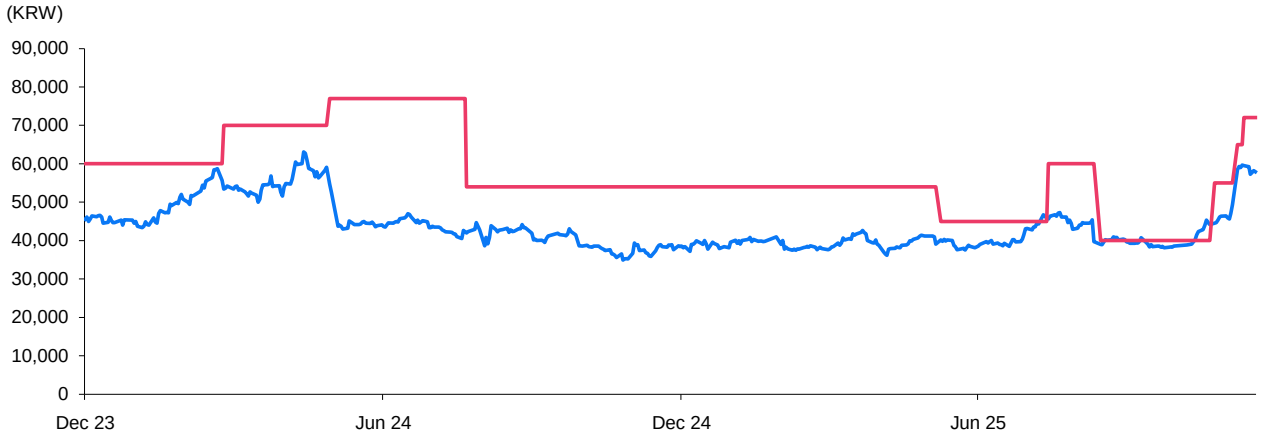

Rating changes over past two years (adjusted share prices)

Date	2023/11/2	2024/2/27	5/2	7/25	2025/5/12	7/17	8/18	10/27	11/10	11/14
Recommendation	BUY	BUY	BUY	BUY	HOLD	BUY	HOLD	BUY	BUY	BUY
Target price (KRW)	60000	70000	77000	54000	45000	60000	40000	55000	65000	72000
Gap* (average)	-21.20	-20.95	-42.64	-26.89	-10.33	-25.13	0.11	-15.80	-8.72	
(max or min)**	-2.17	-9.86	-31.56	-17.31	3.89	-21.17	13.38	-10.27	-8.15	

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

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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

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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

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