COMPANY UPDATE

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Foosung (093370)

Lithium salt prices surge

- $LiPF_6$ prices have surged 195% since late September, presenting an opportunity amid the US's shift away from Chinese supply chains.
- Foosung's semiconductor specialty-gas and process-gas facilities are set to begin mass-production in 1H26.
- We still see ample earnings upside, driven by the upturn in lithium salt prices and the expansion of the semiconductor segment.

WHAT'S THE STORY?

Lithium salt prices surge: Chinese lithium salt ($LiPF_6$) prices stood at CNY180,000/tonne as of Nov 25, marking a 195% increase from late September, according to Chinese financial data provider Wind Information. This surge is attributable to manufacturers' challenges in making aggressive shipments against a backdrop of China's anti-involution policies and other factors. Meanwhile, shares in Chinese $LiPF_6$ producer Do-Fluoride New Materials (002407.sz) have surged 60% since late September and are up a massive 180% ytd, reflecting the uptrend in lithium salt prices.

Us shifting away from Chinese supply chains: With the enactment of the OBBBA Act in the US, companies that wish to qualify for tax credits must reduce their reliance on Chinese supply chains. US automakers and companies installing energy storage systems (ESS) are currently highly dependent on Chinese materials, including lithium salts. Their inevitable shift away from Chinese supply chains presents ongoing opportunities for Korean companies seeking to secure North American customers.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2021	2022	2023	2024
Revenue	381	611	523	438
Operating profit	58	105	(46)	(10)
Net profit (adj)	31	112	(84)	(83)
EPS (adj) (KRW)	328	1,176	(867)	(801)
EPS (adj) growth (% y-y)	1,080.1	259.0	적전	적지
EBITDA margin (%)	26.8	25.4	1.1	8.0
ROE (%)	13.3	36.6	(24.9)	(26.1)
P/E (adj) (x)	68.9	8.9	(13.5)	(6.2)
P/B (x)	8.7	2.8	3.6	1.6
EV/EBITDA (x)	23.2	8.4	257.7	23.7
Dividend yield (%)	0.1	0.2	0.0	0.0

Source: Company data, Samsung Securities estimates

AT A GLANCE

Not rated

Target price	n/a
Current price	KRW8,220
Market cap	KRW881.6b / USD600.38m
Shares (float)	107,255,330 (54.0%)
52-week high/low	KRW9,990/KRW3,830
Avg daily trading value (60-day)	"KRW20.0b/ USD13.6m"

ONE-YEAR PERFORMANCE

	1M	6M	12M
Foosung (%)	-7.6	95.9	58.4
Vs Kospi (%pts)	-5.0	32.4	-2.7

SAMSUNG vs THE STREET

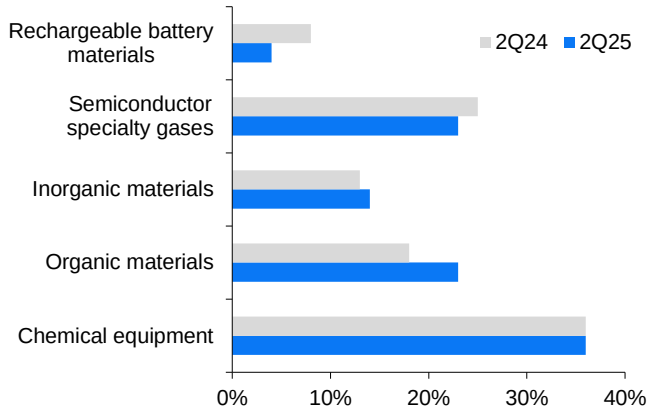
No of estimates	1
Average target price (KRW)	12,000
Average rating	4.0

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

Imminent mass-production of semiconductor specialty gases and process gases: In the semiconductor specialty gas segment (estimated to account for 35-39% of Foosung's sales), a joint venture plant with Central Glass (Japan) is expected to be completed in 4Q, enabling mass-production in 1H26. Meanwhile, semiconductor NAND process gases produced at a wholly owned plant in Ulsan are also set to begin mass-production on schedule, early next year, increasing the semiconductor materials share of revenue.

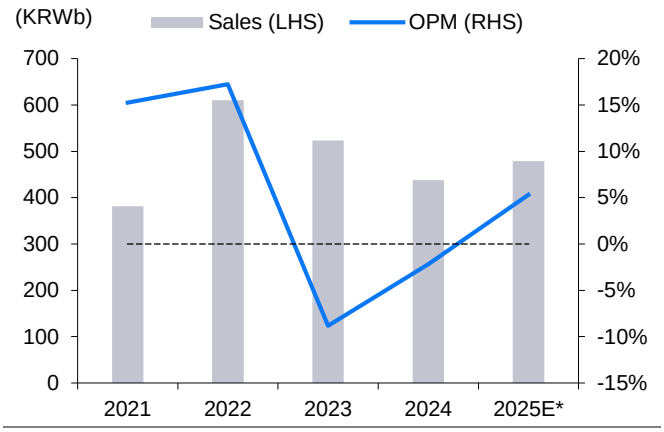
Valid expectations for revenue growth, profit improvement: Consensus (FnGuide) has Foosung posting 2026 sales of KRW579.5b and operating profit of KRW41.7b, representing significant growth compared to this year's estimated sales of KRW474.9b and operating profit of KRW25.7b. Based on the Nov 26 close, shares are trading at 33x 2026 consensus P/E, but excluding the value of LNG heat exchanger subsidiary Hantech (in which Foosung has an equity stake of KRW263.1b), Foosung's valuation stands at a more reasonable 23x.

Foosung: Consolidated revenue, by division



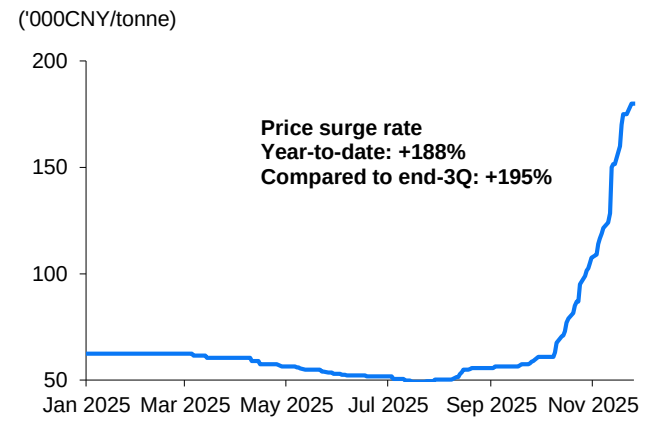
Source: Company data

Foosung: Revenue and operating margin (consolidated)



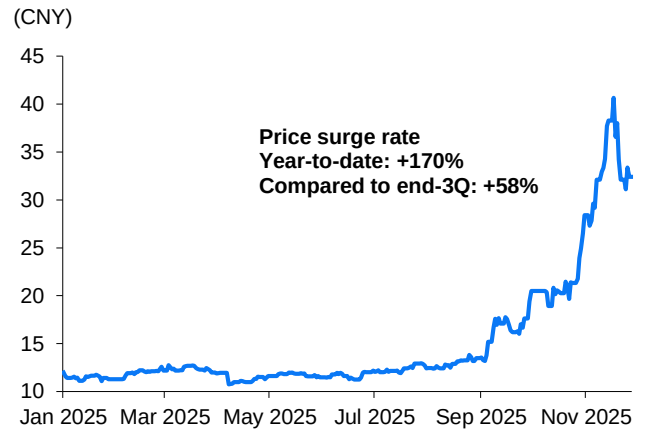
Note: *FnGuide consensus
Source: FnGuide

$LiPF_6$ prices



Source: Wind

Do-Fluoride (Chinese $LiPF_6$ producer): Stock price



Source: Bloomberg

Income statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Sales	**262**	**381**	**611**	**523**	**438**
Cost of goods sold	218	276	445	508	383
Gross profit	**43**	**106**	**166**	**15**	**55**
Gross margin (%)	16.6	27.7	27.2	2.9	12.5
SG&A expenses	41	47	61	61	64
Operating profit	**3**	**58**	**105**	**(46)**	**(10)**
Operating margin (%)	1.1	15.2	17.3	(8.8)	(2.2)
Non-operating gains (losses)	**2**	**(19)**	**28**	**(43)**	**(105)**
Financial profit	0	0	1	2	3
Financial costs	6	9	13	18	19
Equity-method gains (losses)	10	(3)	1	0	0
Other	(3)	(7)	39	(26)	(90)
Pre-tax profit	**4**	**39**	**133**	**(89)**	**(115)**
Taxes	2	8	21	(4)	(32)
Effective tax rate (%)	39.9	20.0	15.7	5.0	27.5
Profit from continuing operations	3	31	112	(84)	(83)
Profit from discontinued operations	0	0	0	0	0
Net profit	**3**	**31**	**112**	**(84)**	**(83)**
Net margin (%)	1.0	8.2	18.4	(16.1)	(19.0)
Net profit (controlling interests)	10	23	97	(54)	(69)
Net profit (non-controlling interests)	(7)	9	15	(30)	(14)
EBITDA	38	102	155	6	35
EBITDA margin (%)	14.5	26.8	25.4	1.1	8.0
EPS (parent-based) (KRW)	28	328	1,176	(867)	(801)
EPS (consolidated) (KRW)	28	328	1,176	(867)	(801)
Adjusted EPS (KRW)*	28	328	1,176	(867)	(801)

Balance sheet

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Current assets	**133**	**182**	**345**	**256**	**293**
Cash & equivalents	50	39	79	28	55
Accounts receivable	34	44	73	83	71
Inventories	30	62	110	66	64
Other current assets	20	37	83	79	103
Fixed assets	**407**	**434**	**589**	**598**	**534**
Investment assets	40	36	23	23	12
Tangible assets	350	377	545	465	389
Intangible assets	2	2	4	4	3
Other long-term assets	15	19	17	106	128
Total assets	**540**	**616**	**934**	**853**	**826**
Current liabilities	**146**	**162**	**381**	**335**	**335**
Accounts payable	10	20	56	34	33
Short-term debt	39	22	66	74	98
Other current liabilities	97	120	259	228	204
Long-term liabilities	**149**	**171**	**137**	**187**	**158**
Bonds & long-term debt	139	158	122	169	146
Other long-term liabilities	10	13	16	18	12
Total liabilities	**295**	**333**	**518**	**522**	**494**
Owners of parent equity	**222**	**248**	**366**	**313**	**327**
Capital stock	46	46	47	47	54
Capital surplus	55	55	76	76	152
Retained earnings	117	139	239	183	114
Other	3	8	3	6	7
Non-controlling interests' equity	**24**	**35**	**49**	**19**	**6**
Total equity	**245**	**283**	**415**	**331**	**333**
Net debt	198	194	250	359	288

Cash flow statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Cash flow from operations	**41**	**83**	**94**	**(6)**	**76**
Net profit	3	31	112	(84)	(83)
Non-cash profit and expenses	36	79	50	112	125
Depreciation	35	44	50	52	44
Amortization	0	0	0	0	0
Other	1	35	0	60	81
Changes in A/L from operating activities	11	(20)	(53)	(11)	34
Cash flow from investments	**(37)**	**(66)**	**(110)**	**(108)**	**(110)**
Change in tangible assets	(40)	(59)	(117)	(105)	(80)
Change in financial assets	1	(23)	(17)	16	(33)
Other	1	15	23	(19)	3
Cash flow from financing	**7**	**(27)**	**56**	**61**	**61**
Change in debt	12	10	109	42	(9)
Change in equity	0	0	22	0	82
Dividends	(1)	0	(1)	(2)	0
Other	(4)	(36)	(74)	21	(13)
Change in cash	10	(10)	40	(51)	27
Cash at beginning of year	40	50	39	79	28
Cash at end of year	50	39	79	28	55
Gross cash flow	**39**	**110**	**163**	**27**	**42**
Free cash flow	**0**	**25**	**(23)**	**(111)**	**(5)**

Financial ratios

Year-end Dec 31	2020	2021	2022	2023	2024
Growth (%)					
Sales	5.1	45.7	60.1	(14.3)	(16.3)
Operating profit	(79.1)	1,971.4	81.2	적전	적지
Net profit	1,187.9	1,080.1	259.5	적전	적지
Adjusted EPS**	1,187.9	1,080.1	259.0	적전	적지
Per-share data (KRW)					
EPS (parent-based)	28	328	1,176	(867)	(801)
EPS (consolidated)	28	328	1,176	(867)	(801)
Adjusted EPS**	28	328	1,176	(867)	(801)
BVPS	2,321	2,597	3,764	3,212	3,044
DPS (common)	0	15	19	0	0
Valuations (x)					
P/E***	415.2	68.9	8.9	(13.5)	(6.2)
P/B***	5.0	8.7	2.8	3.6	1.6
EV/EBITDA	34.6	23.2	8.4	257.7	23.7
Ratios (%)					
ROE	1.2	13.3	36.6	(24.9)	(26.1)
ROA	0.5	5.4	14.5	(9.4)	(9.9)
ROIC	0.4	11.0	16.3	(7.1)	(1.3)
Payout ratio	0.0	6.2	1.9	0.0	0.0
Dividend yield (common)	0.0	0.1	0.2	0.0	0.0
Net debt to equity	80.6	68.6	60.1	108.3	86.6
Interest coverage (x)	0.5	6.5	8.0	(2.5)	(0.5)

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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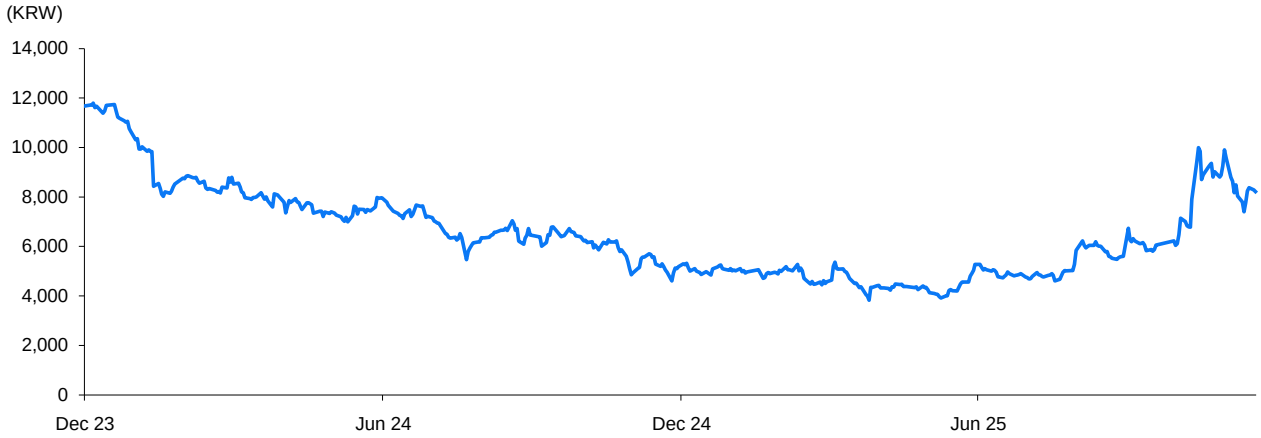
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/12/3
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
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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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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 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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